Hearing Date and Time: May 23, 2013 at 2:00 p.m. (prevailing Eastern Time)
Objection Deadline: April 23, 2013 at 4:00 p.m. (prevailing Eastern Time)

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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.,	
Plaintiffs,	
v.	Adv. Case No. 13-01262 (MG)
ALLSTATE INSURANCE COMPANY, et al.,	**LOCAL RULE 7056-1 STATEMENT OF STIPULATED UNDISPUTED FACTS AND AGREED-TO EXHIBITS**
Defendants.	

Pursuant to Rule 7056-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York ("Local Rule 7056-1"), the debtors and debtors-in-possession (collectively, the "Debtors") in the above-captioned jointly administered chapter 11 cases (the "Chapter 11 Cases"),[1] and as plaintiffs in the above-captioned adversary proceeding (the "Adversary Proceeding"); and defendants AIG Asset Management (U.S.), LLC and affiliated entities (collectively, "AIG"), Allstate Insurance Company and affiliated entities (collectively, "Allstate"), Massachusetts Mutual Life Insurance Company ("MassMutual"), Prudential Insurance Company of America and affiliated entities (collectively, "Prudential"), and Western Corp. Federal Credit Union and U.S. Central Federal Credit Union for which the National Credit Union Administration Board is now the Liquidating Agent (the "NCUAB"); and joining parties New Jersey Carpenters Health Fund ("Lead Plaintiff"), the certified class represented by Lead Plaintiff (the "Certified Class"), Union Central Life Insurance Company, Ameritas Life Insurance Corporation, and Acacia Life Insurance Company (collectively, "Union Central"), and Cambridge Place Investment Management Inc. ("CPIM" and collectively with AIG, Allstate, MassMutual, Prudential, the NCUAB, Lead Plaintiff, the Certified Class, and Union Central, the "Investors"); hereby stipulate that the following facts are undisputed, and that this statement of undisputed facts and the attached exhibits constitute the agreed-to evidentiary record, for the purpose of hearing and decision on the cross motions for summary judgment filed by the Debtors and the Investors.[2]

[1] The Debtors are listed in the Affidavit of James A. Whitlinger, sworn to on May 14, 2012, *In re Residential Capital, LLC*, No. 12-12020 (MG) (Bankr. S.D.N.Y.) [Docket No. 6].

[2] The Debtors and the Investors have agreed that, in lieu of (i) each moving party filing a statement of material facts as to which the moving party contends there is no genuine issue to tried pursuant to subsection (b) of Local Rule 7056-1, and (ii) each party then opposing with a statement pursuant to subsection (c) of Local Rule 7056-1, the Debtors and Investors would set forth this joint statement of stipulated material facts as to which both the Debtors and the Investors agree there is no genuine issue to be tried.

I. The Debtors and Their Securitization Business

1. From 2004 to 2007, one or more of the Debtors served as depositors, sponsors, or servicers in connection with residential mortgage-backed securities ("RMBS" or "Certificates") issued in 392 separate private label securitizations with an aggregate original principal balance of more than $226 billion.

2. In these securitizations, the Debtors that served as sponsors pooled non-conforming mortgage loans and assigned the mortgage loans to the Debtors that served as depositors, who then sold each pool to a newly formed RMBS securitization trust (each a "Trust" and collectively, the "Trusts") in exchange for Certificates, a majority of which were then sold to underwriters, who in turn sold them to purchasers.

3. The Certificates entitle the holders thereof (each a "Certificateholder" and collectively, the "Certificateholders") to receive the principal and interest collected on the mortgage loans held by the applicable Trust.

4. The Certificates issued for any securitization represent in the aggregate the entire beneficial ownership interest in the mortgage loans held by the applicable Trust.

5. The ProSupp (defined below) disclosed that: "The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Corporation, as the sponsor, or any of their affiliates."

6. The Prospectus (defined below) disclosed that: "The certificates in a series will represent interests in a trust and will be paid only from the assets of that trust. The certificates will not represent interests in or obligations of Residential Accredit Loans, Inc., Residential Funding Corporation or any of their affiliates."

7. The Investors purchased certain of the Certificates, some of which they continue to hold and some of which they subsequently sold.

a. Mechanics of the Debtors' Private Label Securitizations

8. The RALI Series 2006-QO3 RMBS offering, in which Allstate invested, is an illustrative example.[3]

9. In that securitization, Debtor Residential Funding Corporation ("RFC"), as sponsor, purchased a pool of residential mortgage loans and then sold the pool pursuant to the Assignment and Assumption Agreement, dated March 30, 2006 (the "Assignment Agreement"), to Debtor Residential Accredit Loans, Inc. ("RALI"), who was the depositor to the Trust known as the RALI Series 2006-QO3 Trust.

10. The Assignment Agreement governed the assignment of the assets transferred by RFC to RALI.

11. RALI then assigned all rights, title, and interest in the pool of loans to the trustee of the Trust, Deutsche Bank Trust Companies Americas ("Deutsche Bank"), for the benefit of the Certificateholders, in exchange for the Certificates.

12. RALI sold the majority of the Certificates to Goldman Sachs & Co., as underwriter ("GS"), and GS then sold the Certificates to purchasers.

13. As part of the 2006-QO3 offering, RFC, RALI, and Deutsche Bank entered into the Series Supplement dated as of March 1, 2006 to Standard Terms of Pooling and Servicing Agreement dated as of March 1, 2006, Mortgage Asset-Backed Pass-Through

[3] The Debtors and the Investors agree to use the example deal, RALI Series 2006-QO3, for illustrative purposes. Certain of the governing documents for this example deal are attached hereto, including the Prospectus for Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates, dated March 3, 2006 ("Prospectus" or Pros.") (Ex. 2) and the Prospectus Supplement, dated March 28, 2006 ("ProSupp") (Ex. 3). The Debtors and the Investors agree that their respective rights are set forth in the governing documents for RALI Series 2006-QO3. Notwithstanding the foregoing, the parties shall not be precluded from relying upon governing documents from other securitizations. To the extent further review of governing documents from the Debtors' other securitizations uncovers material differences with the documents from the sample securitization, the parties agree to disclose and consult with each other about such differences prior to the use of any such document.

Certificates, Series 2006-QO3, which incorporates by reference certain provisions of the Standard Terms of Pooling and Servicing Agreement, Mortgage Asset-Backed Pass-Through Certificates between RFC and RALI, dated March 1, 2006 (collectively, the "PSA").

14. Among other things, the PSA (consistent with PSAs generally) governs the conveyance of the mortgage loans from RALI as depositor to the Trust, the issuance of Certificates to investors, and the respective rights and obligations of the parties.

15. The PSA includes representations and warranties made by certain of the Debtors to the Trustee.

16. Purchasers of Certificates, including the Investors, were not signatories to the PSA.

17. The offering materials used to market the Certificates to prospective purchasers also contained certain representations and disclosures concerning the mortgage loans.

18. The Prospectus and ProSupp describe certain material aspects of the offering of Certificates including, among others: the structure of the securitizations, the risk factors of the investment, the roles and experience of the Debtors as sponsor and Master Servicer (defined below), the characteristics of the mortgage pool, and the nature of the Certificates.

19. The ProSupp states that RALI is an affiliate of RFC.

20. Debtors were involved in preparing the Prospectus, ProSupp, and other offering documents for each of their securitizations. (*See* Ex. 16 (First Am. Compl., *Allstate Ins. Co. v. GMAC Mortg., LLC*, No. 27-cv-11-3480 (Minn. Dist. Ct. Apr. 15, 2011) ("Allstate FAC")) ¶ 2 ("The defendants made material misrepresentations and omissions . . . in registration statements, prospectuses, prospectus supplements.").)

21. Certain of these securitizations involved different Debtor entities acting in the roles of depositor, sponsor or servicer.

22. Subject to Footnote 2 and Paragraph 21 above, none of these securitization documents differ in any respect material for purposes of this Adversary Proceeding from the RALI Series 2006-QO3 documentation.

b. The Nature of the Debtors' RMBS

23. The allocation of certain payment rights and priorities among the various tranches of Certificates, commonly referred to as a "waterfall," is set out in the governing documents.

24. A central feature of the waterfall structure is the separation of Certificates into "tranches."

25. Generally speaking, more senior tranches get paid from the available funds first, while losses are allocated first to the junior tranches. (Ex. 1 [PSA] at § 1.01 (defining classes of Certificates); § 4.02 (providing for "Distributions" in sequential order); § 4.05 (allocating "Realized Losses" in reverse order).)

26. Within each tranche, distributions to Certificateholders are made "pro rata, until the certificate principal balances thereof have been reduced to zero." (Ex. 3 [ProSupp] at S-64.)

27. In exchange for additional risk of non-payment, lower tranche Certificates offer a higher potential rate of return.

28. The Certificates did not guarantee investment return.

29. The Certificates represent only interests in the Trust, comprising in the aggregate 100% of the beneficial ownership of the Trusts, and do not represent any voting rights or equity interest in any Debtor.

30. The governing documents assign priority for distributions of certain potential funds that flow to the Trust, including principal and interest, "prepayments on the

mortgage loans, Insurance Proceeds, Liquidation Proceeds and Subsequent Recoveries, and proceeds from repurchases." (*Id.* at S-49-50.)

31. The governing documents contain provisions concerning breaches of contractual representations and warranties.

32. Under the governing documents, if the Master Servicer (defined below) or subservicer receives a subsequent recovery "in connection with a related breach of a representation or warranty or otherwise, such subsequent recovery shall be distributed to the certificateholders in the same manner as repurchase proceeds received in the prior calendar month, to the extent that the related Realized Loss was allocated to any class of certificates" and then down the waterfall of tranches to which "Realized Losses" have been allocated. (Ex. 2 [Pros.] at 41; *see also* Ex. 1 [PSA] at 31 ("Subsequent Recoveries" include "recoveries in respect of the representations and warranties.").)

33. Recoveries for loan "repurchases" would end up among the asset pool for only those parties holding Certificates at the time such payments flow through the Trust.

34. Certificateholders who previously sold Certificates are no longer entitled to payments from the Trust in respect of the Certificates they have sold.

35. By accepting Certificates, Certificateholders agreed to be bound by the terms, conditions, and other provisions of the PSA, including but not limited to the provision that:

> no one or more Holders of Certificates of any Class shall have any right in any manner whatever by virtue of any provision of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of such Certificates of such Class or any other Class, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Agreement, except in the manner herein provided and for the common benefit of Certificateholders of such Class or all Classes, as the case may be.

(Ex. 1 [PSA] § 11.03(c).)

c. Additional Investment Features of the RMBS

36. Certificates could be — and some were — sold on the secondary market.

37. The Certificates expose Certificateholders to interest rate risk and fluctuations in market value.

38. Certificateholders have exclusive rights to the proceeds of a pool of mortgage loans held by the Trusts, which are not part of the assets available to the Debtors' creditors.

39. The securitizations provide three primary forms of structural protection, or "credit enhancement": excess cash flow, overcollateralization, and subordination. (*See* Ex. 3 [ProSupp] at S-13.)

40. The Certificates also benefit from servicer advances, in the case of RALI Series 2006-QO3 from the Debtor RFC, "to cover the amount of the scheduled [mortgage] payment that was not made . . . if [the Master Servicer] determines that the advance would be recoverable." (*Id*.)

41. Certain securitizations are further benefited by insurance policies obtained by the Debtors. (*See* Ex. 2 [Pros.] at 45-46.)

42. Certain of the Debtors were obligated to repurchase mortgages in specified circumstances pursuant to representations and warranties contained in the governing agreements.

d. The Debtors' Marketing of RMBS

43. A 2007 "Overview of ABS/MBS Products" was available to prospective purchasers and Certificateholders on the GMAC-RFC Vision[SM] website, and displayed the ResCap logo on every page. (*See* Ex. 12.)

44. The Overview of ABS/MBS Products provided data and information concerning the Debtors' securitization experience and market share, and differentiated the

Debtors from their competitors by noting that "GMAC ResCap provides investors with more options by bringing a variety of asset types to the market." (*Id.* at 2.)

45. The Overview of ABS/MBS Products defined "GMAC ResCap" as "GMAC Residential Capital Company, LLC (GMAC ResCap)." (*Id.* at 1.)

46. The Overview of ABS/MBS Products explained that the segregation of offerings into specific asset types "provides a deeper understanding of the underlying product and risk profile of GMAC ResCap securities—and helps investors make better-informed decisions." (*Id.* at 2.)

47. The Debtors highlighted the services they provided to prospective purchasers and Certificateholders, including "the GMAC-RFC Investor Services Web site to help [prospective purchasers and Certificateholders] manage their portfolios and make fast, informed decisions" and GMAC-RFC Vision[SM], the Debtors' online "data access and analysis" tools that allowed prospective purchasers and Certificateholders to "compare performance in greater detail." (*Id.* at 3.)

48. The Debtors also met directly with certain prospective purchasers and Certificateholders and participated in events with the investing community. (*See* Ex. 10 [Hamzehpour Decl.] ¶ 4.)

49. Allstate, AIG, and Prudential were among the prospective purchasers and Certificateholders who attended servicing and operations reviews with the Debtors, and ResCap met with Allstate several times in connection with Allstate's investment in RMBS at issue in this Adversary Proceeding.

50. The Debtors made presentations to a number of potential purchasers and Certificateholders using materials such as the deck attached hereto as Exhibit 15.

e. The Ongoing Role of the Master Servicer and Trustee

51. Following the offerings, certain of the Debtors were responsible for servicing and administering the mortgage loans, pursuant to the terms of the PSAs.

52. RFC, in addition to being the sponsor of the RALI Series 2006-QO3 offering, was also the Master Servicer (the "Master Servicer").

53. In this role, RFC was responsible for "servic[ing] and administer[ing] the Mortgage Loans in accordance with [the terms of the PSA] . . . and shall have full power and authority . . . to do any and all things which it may deem necessary or desirable in connection with such servicing and administration." (Ex. 1 [PSA] § 3.01(a).)

54. The ProSupp stated that: "The primary compensation to be paid to the master servicer for its master servicing activities will be its servicing fee equal to 0.05% per annum of the outstanding principal balance of each mortgage loan." (Ex. 3 [ProSupp] at S-92.)

55. Article 3 of the PSA sets forth the functions that the Master Servicer is to perform. (Ex. 1 [PSA] § 3.01.)

56. These servicing duties included, among others, calculating remittance amounts to the Certificateholders, sending remittances to trustees for distribution to Certificateholders, investor and tax reporting, coordinating loan repurchases, oversight of all servicing activity, approving loss mitigation strategies, and managing and liquidating mortgage properties acquired by foreclosure. (Ex. 3 [ProSupp] at S-87-88.)

57. In connection with their servicing of the mortgage loans, the Debtors prepared monthly reports that were made available to investors through the GMAC-RFC Vision[SM] website.

58. An example monthly report for the RALI 2006-QO3 deal is attached hereto. (Ex. 8.)

59. The Master Servicer also has the right to assign a subservicer. (Ex. 1 [PSA] § 3.02.)

60. In the RALI Series 2006-QO3 offering, RFC appointed Debtor Homecomings Financial Network, Inc. ("Homecomings") to act as "Subservicer." (Ex. 3 [ProSupp] at S-88.)

61. As Subservicer, Homecomings is responsible for a variety of tasks related to servicing the mortgage loans including, among others, communicating with borrowers, collecting borrower payments, calculating and reporting payoffs and liquidations, and maintaining insurance. (*Id.*)

62. Section 2.08 of the PSA describes the Trusts' purpose and scope of permitted activities.

63. The Trusts had no employees.

64. The trustee for each of the Trusts had certain responsibilities with respect to the Trusts, including: (a) holding the received funds between the period of receipt (from the Master Servicer) and distribution (to Certificateholders); (b) examining documents provided by the depositor and servicer to ensure they are complete; (c) making available reports on the mortgage loans (from the Master Servicer) and mailing them to those who request them; (d) updating the distribution process where necessary; (e) maintaining a website for Certificateholders and others to access SEC filings; (f) delivering the Certificates in a specified form; (g) maintaining a registry of the holders of the Certificates; (h) responding to Certificateholder demands to exchange their Certificates; (i) replacing mutilated, lost, or stolen certificates; (j) declaring Events of Default and responding to Certificateholder demands regarding Events of Default; (k) paying applicable taxes; and (l) delivering to the depositor reports on litigation involving the trustee. (*See* Ex. 1 [PSA] §§ 2.02, 4.01, 4.03, 5.01, 5.02, 7.01, 8.01, 12.03.)

II. The Chapter 11 Cases

a. "Trust Claims"

65. The trustees of the Trusts, on behalf of the Trusts, have asserted that they have contractual claims against certain Debtors based upon alleged breaches of representations and warranties concerning the mortgage loans (the "Trust Claims").

66. A proposed settlement (the "Trust Settlement"), if approved, would resolve Trust Claims brought by up to 392 Trusts and would result in an allowed claim by the Trustees of the Trusts against the Debtors of up to $8.7 billion. (*See Debtors' Second Supp. Mot. Pursuant to Fed. R. Bankr. P. 9019 for Approval of RMBS Trust Settlement Agreements*, dated Oct. 19, 2012 [Docket No. 1887].)

67. The Trust Settlement does not release individual direct claims for securities fraud or other disclosure-related claims arising from the purchase or sale of Certificates.

68. Should the Trust Settlement be approved by the Court, when distributions are made by the Debtors' estates, Certificateholders of each Trust that signs on will be entitled to receive the proceeds allocated to such Trust according to the priority reflected in such Trust's waterfall. (*Id.* at 11-12.)

69. The Investors hold certificates of Trusts involved in the Trust Settlement.

b. "Investor Claims"

70. The Investors assert claims against the Debtors for damages arising from the purchase or sale of their Certificates under the federal securities laws, state blue sky laws, and/or pursuant to tort theories, seeking to recoup investment losses allegedly suffered due to material misstatements in the offering documents (the "Investor Claims"). (*See Mot. Under Bankr. R. 3013 (i) Classifying RMBS Fraud Claims in Same Class as Securitization Trusts' Claims for Purposes of any Chapter 11 Plan for Debtors and (ii) Directing That*

Misrepresentation Claims Cannot Be Placed in Plan Class That Will Be Subordinated Under Bankr. Code Section 510(b), dated Nov. 27, 2012 [Docket No. 2284] at 2-3; *see also* Ex. 17 (Am. Compl., *MassMutual Life Ins. Co. v. Residential Funding Co.*, No. 3:11-cv-30035-MAP (D. Mass. May 17, 2012) [Docket No. 86] ("MassMutual AC") ¶ 61 (alleged misstatements are the breaches of representations and warranties)); Ex. 16 (Allstate FAC) ¶¶ 6, 150 (same).)

71. AIG filed 32 proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 5344, which is attached hereto as Exhibit 18.

72. All of the claims filed by AIG arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 5344.

73. Allstate filed 33 proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 4960, which is attached hereto as Exhibit 19.

74. All of the claims filed by Allstate arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 4960.

75. MassMutual filed four proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 5060, which is attached hereto as Exhibit 20.

76. All of the claims filed by MassMutual arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 5060.

77. Prudential filed 62 proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 5123, which is attached hereto as Exhibit 21.

78. All of the claims filed by Prudential arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 5123.

79. NCUAB filed eleven proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 2626, which is attached hereto as Exhibit 22.

80. All of the claims filed by NCUAB arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 2626.

81. Lead Plaintiff, the Certified Class, and certain other named plaintiffs in the class action filed 21 proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 4805, which is attached hereto as Exhibit 23.

82. All of the claims filed by Lead Plaintiff, the Certified Class, and the other named plaintiffs in the class action arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 4805.

83. Union Central filed nine proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 4813, which is attached hereto as Exhibit 24.

84. All of the claims filed by Union Central arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 4813.

85. CPIM filed three proofs of claim against the Debtors in these Chapter 11 Cases, including Proof of Claim Number 5305, which is attached hereto as Exhibit 25.

86. All of the claims filed by CPIM arise from the purchase or sale of Certificates based on allegations essentially identical to those contained in Proof of Claim Number 5305.

87. Certain of the Investors also seek to rescind their purchases. (*See, e.g.*, Ex. 16 (Allstate FAC) ¶ 251; Ex. 17 (MassMutual AC) ¶ 7.)

88. NCUAB seeks a variety of forms of relief and damages, which, in some instances, includes rescission of their purchases.

89. The Investor Claims have been asserted by both current and former Certificateholders.

90. The Investors have holdings at various levels of seniority ranging in seniority from Class A to Class M9.

91. The Investor Claims involve at least 104 different securitizations, including at least 88 securitizations involving investors joining the Trust Settlement.

92. Allstate, AIG, MassMutual, and Prudential assert that they collectively suffered losses estimated at not less than $1.785 billion in connection with their purchases of the Certificates.

93. The NCUAB asserts that it holds over $300 million in claims relating to the Debtors' securitizations. (*See Joinder of NCUAB*, dated Jan. 4, 2013 [Docket No. 2555] at 2.)

94. For purposes of this Adversary Proceeding, the Debtors have not asserted that any of the Investors has engaged in any inequitable conduct relating to the Trusts, the Certificates or these Chapter 11 Cases.

III. Agreed-To Exhibits

95. The Debtors and Investors stipulate that the following exhibits, together with this statement of undisputed facts, constitutes the agreed-to record for purposes of hearing and decision on their cross-motions for summary judgment:

Description	Exhibit
Series Supplement dated as of March 1, 2006 to Standard Terms of Pooling and Servicing Agreement dated as of March 1, 2006, Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3 (including Standard Terms of Pooling and Servicing Agreement, Mortgage Asset-Backed Pass-Through Certificates Series 2006-QO3, dated Mar. 1, 2006)	1
Prospectus for Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates, dated Mar. 3, 2006	2
Prospectus Supplement, dated Mar. 28, 2006 (to prospectus dated Mar. 3, 2006)	3
Amendment No. 1 to Form S-3 Registration Statement, filed on Mar. 3, 2006	4
Assignment and Assumption Agreement, dated Mar. 30, 2006, by and between Residential Funding Corporation and Residential Accredit Loans, Inc.	5
Opinion Letter of Orrick, Herrington & Sutcliffe, LLP re RALI 2006-Q03 Certificates, with Exhibit A Officer Certificate of Tim Jacobson of Residential Funding Company, dated Mar. 30, 2006	6
Opinion Letter of Orrick, Herrington & Sutcliffe, LLP re RALI 2006-Q03 Certificates, with Exhibit A Officer Certificate of Heather Anderson of Residential Accredit Loans, Inc., dated Mar. 30, 2006	7
June 2006 Distribution Report for RALI 2006-QO3	8
Declaration of Bryan M. Kotliar[4] (without exhibits)	9
Declaration of Tammy Hamzehpour[5] (without exhibits)	10
Securitization Flow Chart	11
Overview of ABS/MBS Products: 2007 U.S. Markets	12
RFG Capital Markets Visits and Conferences Calendar	13
Calendar Entry: January 19, 2006 Meeting with Allstate	14
"GMAC-RFC Overview" Investor Presentation, dated May 2007	15
First Amended Complaint, filed on Apr. 15, 2011, *Allstate Ins. Co. v. GMAC Mortg., LLC*, No. 27-cv-11-3480 (Minn. Dist. Ct.)	16

[4] *Decl. of Bryan M. Kotliar in Supp. of Debtors' Opp. to Rule 3013 Mot.*, dated Feb. 19, 2013 [Docket No. 2958] (the "Kotliar Decl.").

[5] *Decl. of Tammy Hamzehpour in Supp. of Debtors' Opp. to Rule 3013 Mot.*, dated Feb. 19, 2013 [Docket No. 2956] (the "Hamzehpour Decl.").

Description	Exhibit
Amended Complaint, filed on May 17, 2012, *MassMutual Life Ins. Co. v. Residential Funding Co.*, No. 3:11-cv-30035-MAP (D. Mass.) [Docket No. 86]	17
Proof of Claim No. 5344, filed by AIG, on Nov. 14, 2012	18
Proof of Claim No. 4960, filed by Allstate, on Nov. 15, 2012 (without exhibits)	19
Proof of Claim No. 5060, filed by MassMutual, on Nov. 15, 2012 (without exhibits)	20
Proof of Claim No. 5123, filed by Prudential, on Nov. 15, 2012	21
Proof of Claim No. 2626, filed by NCUAB, on Nov. 8, 2012	22
Proof of Claim No. 4805, filed by Lead Plaintiff on behalf of itself and the Certified Class, on Nov. 16, 2012	23
Proof of Claim No. 4813, filed by Union Central, on Nov. 16, 2012	24
Proof of Claim No. 5305, filed by CPIM, on Nov. 16, 2012	25
Schedule of Proofs of Claim Filed by Investors AIG, Allstate, MassMutual, and Prudential	26

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Dated: April 2, 2013

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Dated: April 2, 2013

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Exhibit 1

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Series Supplement dated as of March 1, 2006 to Standard Terms of Pooling and Servicing Agreement dated as of March 1, 2006, Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3 (including Standard Terms of Pooling and Servicing Agreement, Mortgage Asset-Backed Pass-Through Certificates Series 2006-QO3, dated Mar. 1, 2006)

Execution Copy

RESIDENTIAL ACCREDIT LOANS, INC.,

Company,

RESIDENTIAL FUNDING CORPORATION,

Master Servicer,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

Trustee

SERIES SUPPLEMENT,

Dated as of March 1, 2006,

TO

STANDARD TERMS OF
POOLING AND SERVICING AGREEMENT
dated as of March 1, 2006

Mortgage Asset-Backed Pass-Through Certificates

Series 2006-QO3

ARTICLE I DEFINITIONS 4
Section 1.01. Definitions 4
Section 1.02. Determination of LIBOR 29
Section 1.03. Use of Words and Phrases 30
ARTICLE II CONVEYANCE OF MORTGAGE LOANS; ORIGINAL ISSUANCE OF CERTIFICATES 30
Section 2.01. Conveyance of Mortgage Loans 30
Section 2.02. Acceptance by Trustee 30
Section 2.03. Representations, Warranties and Covenants of the Master Servicer and the Company 30
Section 2.04. Representations and Warranties of Sellers 34
Section 2.05. Execution and Authentication of Certificates/Issuance of Certificates Evidencing Interests in REMIC I Certificates 34
Section 2.06. Conveyance of REMIC I Regular Interests; Acceptance by the Trustee 34
Section 2.07. Issuance of Certificates Evidencing Interest in REMIC II 34
Section 2.08. Purposes and Powers of the Trust 34
Section 2.09. Agreement Regarding Ability to Disclose 34
ARTICLE III ADMINISTRATION AND SERVICING OF MORTGAGE LOANS 36
ARTICLE IV PAYMENTS TO CERTIFICATEHOLDERS 40
Section 4.01. Certificate Account 40
Section 4.02. Distributions 40
Section 4.03. Statements to Certificateholders; Statements to the Rating Agencies; Exchange Act Reporting 45
Section 4.04. Distribution of Reports to the Trustee and the Company; Advances by the Master Servicer. 45
Section 4.05. Allocation of Realized Losses 45
Section 4.06. Reports of Foreclosures and Abandonment of Mortgaged Property 47
Section 4.07. Optional Purchase of Defaulted Mortgage Loans 47
Section 4.08. Surety Bond 47
Section 4.09. Basis Risk Shortfall Reserve Fund 47
ARTICLE V THE CERTIFICATES 48
ARTICLE VI THE COMPANY AND THE MASTER SERVICER 49

TABLE OF CONTENTS
(continued)

Page

ARTICLE VII DEFAULT 50
ARTICLE VIII CONCERNING THE TRUSTEE 51
ARTICLE IX TERMINATION 52
ARTICLE X REMIC PROVISIONS 53
Section 10.01. REMIC Administration 53
Section 10.02. Master Servicer; REMIC Administrator and Trustee Indemnification 53
Section 10.03. Designation of REMIC 53
Section 10.04. Distributions on the REMIC I Regular Interests 53
Section 10.05. Compliance with Withholding Requirements 53
ARTICLE XI MISCELLANEOUS PROVISIONS 54
Section 11.01. Amendment 54
Section 11.02. Recordation of Agreement; Counterparts 54
Section 11.03. Limitation on Rights of Certificateholders 54
Section 11.04. Governing Laws 54
Section 11.05. Notices 54
Section 11.06. Required Notices to Rating Agency and Subservicer 55
Section 11.07. Severability of Provisions 55
Section 11.08. Supplemental Provisions for Resecuritization 55
Section 11.09. Allocation of Voting Rights 55
Section 11.10. No Petition 55
ARTICLE XII COMPLIANCE WITH REGULATION AB 56

EXHIBITS

Exhibit One: Mortgage Loan Schedule

Exhibit Two: Information to be Included in Monthly Distribution Date Statement

Exhibit Three: Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006

This is a Series Supplement, dated as of March 1, 2006 (the "Series Supplement"), to the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 and attached as Exhibit Four hereto (the "Standard Terms" and, together with this Series Supplement, the "Pooling and Servicing Agreement" or "Agreement"), among RESIDENTIAL ACCREDIT LOANS, INC., as the company (together with its permitted successors and assigns, the "Company"), RESIDENTIAL FUNDING CORPORATION, as master servicer (together with its permitted successors and assigns, the "Master Servicer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee (together with its permitted successors and assigns, the "Trustee").

PRELIMINARY STATEMENT:

The Company intends to sell mortgage asset-backed pass-through certificates (collectively, the "Certificates"), to be issued hereunder in multiple classes, which in the aggregate will evidence the entire beneficial ownership interest in the Mortgage Loans.

The terms and provisions of the Standard Terms are hereby incorporated by reference herein as though set forth in full herein. If any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Standard Terms, the terms and provisions of this Series Supplement shall govern. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Standard Terms. The Pooling and Servicing Agreement shall be dated as of the date of this Series Supplement.

REMIC I

As provided herein, the REMIC Administrator will make an election to treat the segregated pool of assets consisting of the Mortgage Loans and certain other related assets subject to this Agreement (but excluding the Basis Risk Shortfall Reserve Fund) as a real estate mortgage investment conduit (a "REMIC") for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC I." The Class R-I Certificates will represent the sole Class of "residual interests" in REMIC I for purposes of the REMIC Provisions (as defined herein) under federal income tax law. The following table irrevocably sets forth the designation, remittance rate (the "Uncertificated REMIC I Pass-Through Rate") and initial Uncertificated Principal Balance for each of the "regular interests" in REMIC I (the "REMIC I Regular Interests"). The "latest possible maturity date" (determined solely for purposes of satisfying Treasury regulation Section 1.860G-1(a)(4)(iii)) for each REMIC I Regular Interest shall be the Maturity Date. None of the REMIC I Regular Interests will be certificated.

Designation	Uncertificated REMIC I Pass-Through Rate	Initial Uncertificated Principal Balance	Latest Possible Maturity Date
LT1	Variable(1)	$649,915,164.43	March 25, 2046
LT2	Variable(1)	$32,240.60	March 25, 2046
LT3	0.00%	$32,760.69	March 25, 2046
LT4	Variable(1)	$32,760.69	March 25, 2046

(1) Calculated in accordance with the definition of "Uncertificated REMIC I Pass Through Rate" herein.

REMIC II

As provided herein, the REMIC Administrator will elect to treat the segregated pool of assets consisting of the Uncertificated REMIC I Regular Interests as a REMIC for federal income tax purposes, and such segregated pool of assets will be designated as REMIC II. Each Class of Certificates (other than the Class R Certificates and exclusive of any rights to receive Basis Risk Shortfalls) will represent ownership of "regular interests" in REMIC II and the Class R-II Certificates will represent ownership of the sole Class of "residual interests" in REMIC II for purposes of the REMIC Provisions under federal income tax law. The following table sets forth the designation, type, Pass-Through Rate, aggregate Initial Certificate Principal Balance, Maturity Date, initial ratings and certain features for each Class of Certificates comprising the interests in the Trust Fund created hereunder. The "latest possible maturity date" (determined solely for purposes of satisfying Treasury Regulation Section 1.860G-1(a)(4)(iii)) for each Class of REMIC II Regular Interests and the Certificates shall be the Maturity Date.

Designation	Pass-Through Rate	Aggregate Initial Certificate Principal Balance	Features	Maturity Date	S&P/ Moody's	Minimum Denominations
Class A-1	Adjustable Rate(1)(2)	$359,391,000.00	Senior/ Adjustable Rate	March 25, 2046	AAA/Aaa	$100,000.00
Class A-2	Adjustable Rate(1)(2)	$149,747,000.00	Senior/ Adjustable Rate	March 25, 2046	AAA/Aaa	$100,000.00
Class A-3	Adjustable Rate(1)(2)	$89,848,000.00	Senior/ Adjustable Rate	March 25, 2046	AAA/Aaa	$100,000.00
Class M-1	Adjustable Rate(1)(2)	$16,576,000.00	Mezzanine/Adjustable Rate	March 25, 2046	AA+/Aa1	$100,000.00
Class M-2	Adjustable Rate(1)(2)	$8,450,000.00	Mezzanine/Adjustable Rate	March 25, 2046	AA/Aa2	$100,000.00
Class M-3	Adjustable Rate(1)(2)	$3,250,000.00	Mezzanine/Adjustable Rate	March 25, 2046	AA-/Aa3	$100,000.00
Class M-4	Adjustable Rate(1)(2)	$3,250,000.00	Mezzanine/Adjustable Rate	March 25, 2046	A+/A1	$250,000.00
Class M-5	Adjustable Rate(1)(2)	$3,250,000.00	Mezzanine/Adjustable Rate	March 25, 2046	A+/A2	$250,000.00
Class M-6	Adjustable Rate(1)(2)	$3,250,000.00	Mezzanine/Adjustable Rate	March 25, 2046	A/A3	$250,000.00
Class M-7	Adjustable Rate(1)(2)	$4,550,000.00	Mezzanine/Adjustable Rate	March 25, 2046	BBB+/Baa2	$250,000.00
Class M-8	Adjustable Rate(1)(2)	$3,250,000.00	Mezzanine/Adjustable Rate	March 25, 2046	BBB+/Baa3	$250,000.00
Class SB (3)	(3)	$5,200,926.42	Subordinate	March 25, 2046	N/R	N/A

(1) The REMIC II Regular Interests, ownership of which is represented by the Class A Certificates and Class M Certificates, will accrue interest at a per annum rate equal to the lesser of (i) LIBOR plus the applicable Margin and (ii) the Net WAC Cap Rate.

(2) The Class A Certificates and Class M Certificates will also entitle their holders to receive certain payments from the Holder of the Class SB Certificates from amounts to which the Holder of the Class SB Certificates is entitled, which will not be a part of their ownership of the related REMIC II Regular Interests.

(3) The Class SB Certificates will accrue interest as described in the definition of Accrued Certificate Interest. The Class SB Certificates will not accrue interest on their Certificate Principal Balance. The Class SB Certificates will represent ownership of two REMIC II Regular Interests, a principal only regular interest designated REMIC II Regular Interest SB-PO and an interest only regular interest designated REMIC II Regular Interest SB-IO, which will be entitled to distributions as set forth herein.

The Mortgage Loans have an aggregate Cut-off Date Principal Balance equal to $650,012,926.42. The Mortgage Loans are payment-option adjustable-rate first lien mortgage loans with a negative amortization feature having terms to maturity at origination or modification of generally not more than 40 years.

In consideration of the mutual agreements herein contained, the Company, the Master Servicer and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

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

Accrued Certificate Interest: With respect to each Distribution Date and each Class of Class A Certificates and Class M Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance thereof immediately prior to such Distribution Date at the Pass-Through Rate for that Distribution Date.

The amount of Accrued Certificate Interest on each Class of Class A Certificates and Class M Certificates shall be reduced by the amount of Prepayment Interest Shortfalls on the Mortgage Loans during the prior calendar month to the extent not covered by Compensating Interest pursuant to Section 3.16, by Relief Act Shortfalls on the Mortgage Loans during the related Due Period, and by any Net Deferred Interest on the Mortgage Loans allocable to such Class of Certificates for that Distribution Date. All such reductions with respect to the Mortgage Loans will be allocated among the Class A Certificates and Class M Certificates in proportion to the amount of Accrued Certificate Interest payable on such Certificates on such Distribution Date absent such reductions.

Accrued Certificate Interest with respect to any Class of Class M Certificates for any Distribution Date shall further be reduced by the interest portion of Realized Losses allocated to any Class of Class M Certificates pursuant to Section 4.05.

Accrued Certificate Interest with respect to the Class A Certificates and Class M Certificates shall accrue on the basis of a 360-day year and the actual number of days in the related Interest Accrual Period.

With respect to each Distribution Date and the Class SB Certificates, interest accrued during the preceding Interest Accrual Period at the Pass-Through Rate on the Notional Amount as specified in the definition of Pass-Through Rate, immediately prior to such Distribution Date, reduced by any interest shortfalls with respect to the Mortgage Loans, including Prepayment Interest Shortfalls to the extent not covered by Compensating Interest pursuant to Section 3.16 or by Excess Cash Flow pursuant to Section 4.02(c)(iii) and (iv). Accrued Certificate Interest on the Class SB Certificates shall accrue on the basis of a 360-day year and the actual number of days in the related Interest Accrual Period.

Adjustment Date: With respect to each Mortgage Loan, each date set forth in the related Mortgage Note on which an adjustment to the interest rate on such Mortgage Loan becomes effective.

Available Distribution Amount: As to any Distribution Date, an amount equal to (a) the sum of (i) the amount relating to the Mortgage Loans on deposit in the Custodial Account as of the close of business on the immediately preceding Determination Date, including any

Subsequent Recoveries, and amounts deposited in the Custodial Account in connection with the substitution of Qualified Substitute Mortgage Loans, (ii) the amount of any Advance made on the immediately preceding Certificate Account Deposit Date, (iii) any amount deposited in the Certificate Account on the related Certificate Account Deposit Date pursuant to the second paragraph of Section 3.12(a), (iv) any amount deposited in the Certificate Account pursuant to Section 4.07 or Section 9.01, (v) any amount that the Master Servicer is not permitted to withdraw from the Custodial Account or the Certificate Account pursuant to Section 3.16(e), (vi) any amount received by the Trustee pursuant to the Surety Bond in respect of such Distribution Date and (vii) the proceeds of any Pledged Assets received by the Master Servicer, reduced by (b) the sum as of the close of business on the immediately preceding Determination Date of (v) any payments or collections consisting of Prepayment Charges on the Mortgage Loans that were received during the related Prepayment Period; (w) aggregate Foreclosure Profits, (x) the Amount Held for Future Distribution, and (y) amounts permitted to be withdrawn by the Master Servicer from the Custodial Account in respect of the Mortgage Loans pursuant to clauses (ii)-(x), inclusive, of Section 3.10(a).

Basis Risk Shortfall: With respect to each Class of the Class A Certificates and Class M Certificates, and any Distribution Date, the sum of (a) with respect to any Distribution Date on which the Net WAC Cap Rate is used to determine the Pass-Through Rate of such Class, an amount equal to the excess of (x) Accrued Certificate Interest for such Class calculated at a per annum rate equal to LIBOR plus the related Margin for such Distribution Date, over (y) Accrued Certificate Interest for such Class calculated using the Net WAC Cap Rate, (b) any shortfalls for such Class calculated pursuant to clause (a) above remaining unpaid from prior Distribution Dates, and (c) interest on the amount in clause (b) from the Distribution Date on which such amount was incurred at a per annum rate equal to the related Pass-Through Rate.

Basis Risk Shortfall Reserve Fund: The reserve fund created pursuant to Section 4.09.

Basis Risk Shortfall Reserve Fund Amount: $258,765.00.

Book-Entry Certificate: The Class A and Class M Certificates.

Capitalization Reimbursement Amount: As to any Distribution Date, the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of the Mortgage Loans during the prior calendar month and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date pursuant to Section 3.10(a)(vii), plus the Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior Distribution Date and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date.

Capitalization Reimbursement Shortfall Amount: As to any Distribution Date, the amount, if any, by which the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of the Mortgage Loans during the preceding calendar month exceeds the amount of principal payments on the Mortgage Loans included in the Available Distribution Amount for that Distribution Date.

Certificate: Any Class A, Class M, Class SB or Class R Certificate.

Certificate Account: The separate account or accounts created and maintained pursuant to Section 4.01 of the Standard Terms, which shall be entitled "DEUTSCHE BANK TRUST COMPANY AMERICAS, as trustee, in trust for the registered holders of Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3" and which must be an Eligible Account.

Certificate Principal Balance: With respect to any Class A Certificate or Class M Certificate, on any date of determination, an amount equal to (i) the Initial Certificate Principal Balance of such Certificate as specified on the face thereof plus (ii) an amount equal to the aggregate Net Deferred Interest added to the Certificate Principal Balance thereof prior to such date of determination, minus (iii) the sum of (x) the aggregate of all amounts previously distributed with respect to such Certificate (or any predecessor Certificate) and applied to reduce the Certificate Principal Balance thereof pursuant to Section 4.02(c) and (y) in the case of any Class of Class M Certificates, the aggregate of all reductions in Certificate Principal Balance deemed to have occurred in connection with Realized Losses which were previously allocated to such Certificate (or any predecessor Certificate) pursuant to Section 4.05; provided, that with respect to any Distribution Date, the Certificate Principal Balance of the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates, in that order, will be increased to the extent of Realized Losses previously allocated thereto and remaining unreimbursed, but only to the extent of Subsequent Recoveries received during the preceding calendar month. With respect to each Class SB Certificate, on any date of determination, an amount equal to the Percentage Interest evidenced by such Certificate, multiplied by an amount equal to (i) the excess, if any, of (A) the then aggregate Stated Principal Balance of the Mortgage Loans over (B) the then aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates then outstanding, which represents the sum of (i) the Initial Principal Balance of the REMIC II Regular Interest SB-PO, as reduced by Realized Losses allocated thereto and payments deemed made thereon, and (ii) accrued and unpaid interest on the REMIC II Regular Interest SB-IO, as reduced by Realized Losses allocated thereto. The Class R Certificates will not have a Certificate Principal Balance.

Certificate Policy: None.

Class A Certificate: Any one of the Class A-1, Class A-2 or Class A-3 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit A, senior to the Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class A Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the Principal Distribution Amount for that Distribution Date or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the Principal Distribution Amount for that Distribution Date; and

(ii) the excess, if any, of (A) the aggregate Certificate Principal Balance of the Class A Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class A-1 Certificate: The Class A-1 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit A.

Class A-1 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.210% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.420% per annum.

Class A-2 Certificate: The Class A-2 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit A.

Class A-2 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.260% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.520% per annum.

Class A-3 Certificate: The Class A-3 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit A.

Class A-3 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.330% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.660% per annum.

Class A-P Certificates: None.

Class M Certificates: Collectively, the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates.

Class M-1 Certificate: Any one of the Class M-1 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit B, senior to the Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class SB and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-1 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.420% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.630% per annum.

Class M-1 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class A Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-2 Certificate: Any one of the Class M-2 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit B, senior to the Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class SB and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-2 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.430% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.645% per annum.

Class M-2 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount and Class M-1 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates and Class M-1 Certificates (after taking into account the payment of the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-3 Certificate: Any one of the Class M-3 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-3 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.470% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.705% per annum.

Class M-3 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1 and Class M-2 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount and the Class M-2 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-4 Certificate: Any one of the Class M-4 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit

B, senior to the Class M-5, Class M-6, Class M-7, Class M-8, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-4 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.720% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 1.080% per annum.

Class M-4 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2 and Class M-3 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount and the Class M-3 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-5 Certificate: Any one of the Class M-5 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-6, Class M-7, Class M-8, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-5 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.780% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 1.170% per annum.

Class M-5 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3 and Class M-4 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount and the Class M-4 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-6 Certificate: Any one of the Class M-6 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-7, Class M-8, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-6 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.930% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 1.395% per annum.

Class M-6 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4 and Class M-5 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount and the Class M-5 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-6 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-7 Certificate: Any one of the Class M-7 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-8, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-7 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.500% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.250% per annum.

Class M-7 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M 5 and Class M-6 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-7 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-8 Certificate: Any one of the Class M-8 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a "regular interest" in REMIC II for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-8 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.500% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.250% per annum.

Class M-8 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M 5, Class M-6 and Class M-7 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount for that Distribution Date)

and (2) the Certificate Principal Balance of the Class M-8 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class R Certificate: Any one of the Class R-I Certificates or Class R-II Certificates.

Class R-I Certificate: Any one of the Class R-I Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit D and evidencing an interest designated as a "residual interest" in REMIC I for purposes of the REMIC Provisions.

Class R-II Certificate: Any one of the Class R-II Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit D and evidencing an interest designated as a "residual interest" in REMIC II for purposes of the REMIC Provisions.

Class SB Certificate: Any one of the Class SB Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit R, subordinate to the Class A Certificates and Class M Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing ownership of REMIC II Regular Interests SB-IO and SB-PO designated as "regular interests" in REMIC II for purposes of the REMIC Provisions, together with certain obligations with respect to payments of Basis Risk Shortfall amounts.

Closing Date: March 30, 2006.

Corporate Trust Office: The principal office of the Trustee at which at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this instrument is located at 1761 East St. Andrew Place, Santa Ana, California 92705-4934, Attention: Residential Funding Corporation, RALI 2006-QO3.

Cut-off Date Balance: $650,012,926.42.

Cut-off Date: March 1, 2006.

Deferred Interest: The amount of interest which is deferred and added to the principal balance of a Mortgage Loan due to negative amortization.

Determination Date: With respect to any Distribution Date, the second Business Day prior to each Distribution Date.

Discount Net Mortgage Rate: Not applicable.

Due Period: With respect to each Distribution Date, the calendar month in which such Distribution Date occurs.

Excess Bankruptcy Loss: Not applicable.

Excess Cash Flow: With respect to any Distribution Date, an amount equal to the sum of (A) the excess of (i) the Available Distribution Amount for that Distribution Date over (ii) the sum of (a) the Interest Distribution Amount for that Distribution Date and (b) the lesser of (1) the aggregate Certificate Principal Balance of Class A Certificates and Class M Certificates immediately prior to such Distribution Date and (2) the Principal Remittance Amount for that Distribution Date to the extent not applied to pay interest on the Class A Certificates and Class M Certificates on such Distribution Date and (B) the Overcollateralization Reduction Amount, if any, for that Distribution Date.

Excess Fraud Loss: Not applicable.

Excess Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of (a) the Overcollateralization Amount on such Distribution Date over (b) the Required Overcollateralization Amount.

Excess Special Hazard Loss: Not applicable.

Excess Subordinate Principal Amount: Not applicable.

Expense Fee Rate: With respect to any Mortgage Loan as of any date of determination, the sum of the Servicing Fee Rate and the rate per annum at which the Subservicing Fee accrues.

Gross Margin: With respect to each Mortgage Loan, the fixed percentage set forth in the related Mortgage Note and indicated on the Mortgage Loan Schedule attached hereto as the "NOTE MARGIN," which percentage is added to the related Index on each Adjustment Date to determine (subject to rounding in accordance with the related Mortgage Note, the Periodic Cap, the Maximum Mortgage Rate and the Minimum Mortgage Rate) the interest rate to be borne by such Mortgage Loan until the next Adjustment Date.

Index: With respect to any Mortgage Loan and as to any Adjustment Date therefor, the related index as stated in the related Mortgage Note.

Initial Subordinate Class Percentage: Not applicable.

Interest Accrual Period: (i) With respect to the Distribution Date in April 2006, the period commencing on the Closing Date and ending on the day immediately preceding the Distribution Date in April 2006, and with respect to any Distribution Date after the Distribution Date in April 2006, the period commencing on the Distribution Date in the month immediately preceding the month in which such Distribution Date occurs and ending on the day immediately preceding such Distribution Date.

Interest Distribution Amount: For any Distribution Date, the aggregate of the amounts payable pursuant to Section 4.02(c)(i).

Interest Only Certificates: None.

LIBOR: With respect to any Distribution Date, the arithmetic mean of the London interbank offered rate quotations for one-month U.S. Dollar deposits, expressed on a per annum basis, determined in accordance with Section 1.02.

LIBOR Business Day: Any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in London, England are required or authorized to by law to be closed.

LIBOR Certificates: The Class A Certificates and Class M Certificates.

LIBOR Rate Adjustment Date: With respect to each Distribution Date, the second LIBOR Business Day immediately preceding the commencement of the related Interest Accrual Period.

Liquidation Proceeds: As defined in the Standard Terms but excluding Subsequent Recoveries.

Margin: The Class A-1 Margin, Class A-2 Margin, Class A-3 Margin, Class M-1 Margin, Class M-2 Margin, Class M-3 Margin, Class M-4 Margin, Class M-5 Margin, Class M-6 Margin, Class M-7 Margin or Class M-8 Margin, as applicable.

Marker Rate: With respect to the Class SB Certificates or REMIC II Regular Interest SB-IO and any Distribution Date, a per annum rate equal to two (2) times the weighted average of the Uncertificated REMIC I Pass-Through Rates for REMIC I Regular Interest LT2 and REMIC I Regular Interest LT3.

Maturity Date: March 25, 2046, the Distribution Date in the month of the latest scheduled maturity date of any Mortgage Loan.

Maximum Mortgage Rate: As to any Mortgage Loan, the per annum rate indicated in Mortgage Loan Schedule hereto attached hereto as the "NOTE CEILING," which rate is the maximum interest rate that may be applicable to such Mortgage Loan at any time during the life of such Mortgage Loan.

Maximum Net Mortgage Rate: As to any Mortgage Loan and any date of determination, the Maximum Mortgage Rate minus the Expense Fee Rate.

Mortgage Loan Schedule: The list or lists of the Mortgage Loans attached hereto as Exhibit One (and as amended from time to time to reflect the addition of Qualified Substitute Mortgage Loans), which list or lists shall set forth the following information as to each Mortgage Loan:

(i) the Mortgage Loan identifying number ("RFC LOAN #");

(ii) the maturity of the Mortgage Note ("MATURITY DATE");

(iii) the Mortgage Rate as of origination ("ORIG RATE");

(iv) the Mortgage Rate as of the Cut-off Date ("CURR RATE");

(v) the Net Mortgage Rate as of the Cut-off Date ("CURR NET");

(vi) the scheduled monthly payment of principal, if any, and interest as of the Cut-off Date ("ORIGINAL P & I" or "CURRENT P & I");

(vii) the Cut-off Date Principal Balance ("PRINCIPAL BAL");

(viii) the Maximum Mortgage Rate ("NOTE CEILING");

(ix) the maximum Net Mortgage Rate ("NET CEILING");

(x) the Note Margin ("NOTE MARGIN");

(xi) the Note Margin ("NOTE MARGIN");

(xii) the Periodic Cap ("PERIODIC DECR" or "PERIODIC INCR");

(xiii) the rounding of the semi-annual or annual adjustment to the Mortgage Rate ("NOTE METHOD");

(xiv) the Loan-to-Value Ratio at origination ("LTV");

(xv) the rate at which the Subservicing Fee accrues ("SUBSERV FEE") and at which the Servicing Fee accrues ("MSTR SERV FEE");

(xvi) a code "T," "BT" or "CT" under the column "LN FEATURE," indicating that the Mortgage Loan is secured by a second or vacation residence; and

(xvii) a code "N" under the column "OCCP CODE," indicating that the Mortgage Loan is secured by a non-owner occupied residence.

Such schedule may consist of multiple reports that collectively set forth all of the information required.

Mortgage Rate: With respect to any Mortgage Loan, the interest rate borne by the related Mortgage Note, or any modification thereto other than a Servicing Modification. The Mortgage Rate on each Mortgage Loan will adjust on each Adjustment Date to equal the sum (rounded to the nearest multiple of one eighth of one percent (0.125%) or up to the nearest one-eighth of one percent, which are indicated by a "U" on the Mortgage Loan Schedule, except in the case of the Mortgage Loans indicated by an "X" on the Mortgage Loan Schedule under the heading "NOTE METHOD"), of the related Index plus the Note Margin, in each case subject to the applicable Periodic Cap, Maximum Mortgage Rate and Minimum Mortgage Rate.

Net Deferred Interest: On any Distribution Date, Deferred Interest on the Mortgage Loans during the related Due Period net of Principal Prepayments in full and partial Principal Prepayments included in the Available Distribution Amount for such Distribution Date and available to make principal distributions on the Certificates on that Distribution Date.

Net Mortgage Rate: With respect to any Mortgage Loan as of any date of determination, a per annum rate equal to the Mortgage Rate for such Mortgage Loan as of such date minus the related Expense Fee Rate.

Net WAC Cap Rate: With respect to any Distribution Date, a per annum rate equal to the weighted average of the Net Mortgage Rates (or, if applicable, the Modified Net Mortgage Rates) on the Mortgage Loans using the Net Mortgage Rates in effect for the Monthly Payments due on the Mortgage Loans during the related Due Period, weighted on the basis of the respective Stated Principal Balances thereof for such Distribution Date, multiplied by a fraction the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period.

Note Margin: With respect to each Mortgage Loan, the fixed percentage set forth in the related Mortgage Note and indicated in Exhibit One hereto as the "NOTE MARGIN," which percentage is added to the Index on each Adjustment Date to determine (subject to rounding in accordance with the related Mortgage Note, the Periodic Cap, the Maximum Mortgage Rate and the Minimum Mortgage Rate) the interest rate to be borne by such Mortgage Loan until the next Adjustment Date.

Notional Amount: With respect to the Class SB Certificates or the REMIC II Regular Interest SB-IO, immediately prior to any Distribution Date is equal to the aggregate of the Uncertificated Principal Balances of the REMIC I Regular Interests.

Offered Certificates: The Class A Certificates and the Class M Certificates.

Optional Termination Date: Any Distribution Date on or after which the aggregate Stated Principal Balance (after giving effect to distributions to be made on such Distribution Date) of the Mortgage Loans is less than 10.00% of the Cut-off Date Balance.

Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of (a) the aggregate Stated Principal Balance of the Mortgage Loans before giving effect to distributions of principal to be made on such Distribution Date over (b) the aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates immediately prior to such date.

Overcollateralization Floor: An amount equal to the product of 0.50% and the Cut-off Date Balance.

Overcollateralization Increase Amount: With respect to any Distribution Date, the lesser of (a) Excess Cash Flow for that Distribution Date (to the extent not used to cover the amounts described in clauses (b)(iv), (v) and (vi) of the definition of Principal Distribution Amount as of such Distribution Date) and (b) the excess of (1) the Required Overcollateralization Amount for such Distribution Date over (2) the Overcollateralization Amount for such Distribution Date.

Overcollateralization Reduction Amount: With respect to any Distribution Date on which the Excess Overcollateralization Amount is, after taking into account all other distributions to be made on such Distribution Date, greater than zero, the Overcollateralization

Reduction Amount shall be equal to the lesser of (i) the Excess Overcollateralization Amount for that Distribution Date and (ii) the Principal Remittance Amount on such Distribution Date.

Pass-Through Rate: With respect to each class of Certificates (other than the Class SB Certificates and the Class R Certificates), and any Distribution Date, a per annum rate equal to the lesser of (i) LIBOR plus the related Margin for such Distribution Date and (ii) the Net WAC Cap Rate for such Distribution Date.

With respect to the Class SB Certificates and any Distribution Date or REMIC II Regular Interest SB-IO, a rate per annum equal to the percentage equivalent of a fraction, the numerator of which is the sum of the amounts calculated pursuant to clauses (i) through (iii) below, and the denominator of which is the aggregate principal balance of the REMIC I Regular Interests. For purposes of calculating the Pass-Through Rate for the Class SB Certificates or the REMIC II Regular Interest SB-IO, the numerator is equal to the sum of the following components:

(i) the Uncertificated Pass-Through Rate for REMIC I Regular Interest LT1 minus the Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC I Regular Interest LT1;

(ii) the Uncertificated Pass-Through Rate for REMIC I Regular Interest LT2 minus the Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC I Regular Interest LT2; and

(iii) the Uncertificated Pass-Through Rate for REMIC I Regular Interest LT4 minus twice the Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC I Regular Interest LT4.

Prepayment Assumption: The prepayment assumption to be used for determining the accrual of original issue discount and premium and market discount on the Certificates for federal income tax purposes, which assumes a constant prepayment rate of 20% per annum of the then outstanding principal balance of the Mortgage Loans.

Prepayment Charge: With respect to any Mortgage Loan, the charges or premiums, if any, received in connection with a full or partial prepayment of such Mortgage Loan in accordance with the terms thereof.

Prepayment Charge Loan: Any Mortgage Loan for which a Prepayment Charge may be assessed and to which such Prepayment Charge the Class SB Certificates are entitled, as indicated on the Mortgage Loan Schedule.

Principal Distribution Amount: With respect to any Distribution Date, the lesser of (a) the excess of (x) Available Distribution Amount over (y) the Interest Distribution Amount and (b) the sum of:

(i) the principal portion of each Monthly Payment received or Advanced with respect to the related Due Period on each Outstanding Mortgage Loan;

(ii) the Stated Principal Balance of any Mortgage Loan repurchased during the related Prepayment Period (or deemed to have been so repurchased in accordance with Section 3.07(b)) pursuant to Section 2.02, 2.03, 2.04 or 4.07 and the amount of any shortfall deposited in the Custodial Account in connection with the substitution of a Deleted Mortgage Loan pursuant to Section 2.03 or 2.04 during the prior calendar month;

(iii) the principal portion of all other unscheduled collections, other than Subsequent Recoveries, on the Mortgage Loans received (or deemed to have been so received) during the prior calendar month or, in the case of Principal Prepayments in Full, during the related Prepayment Period, including, without limitation, Curtailments, Insurance Proceeds, Liquidation Proceeds, REO Proceeds and, except to the extent applied to offset Deferred Interest, Principal Prepayments, to the extent applied by the Master Servicer as recoveries of principal pursuant to Section 3.14;

(iv) the lesser of (1) Subsequent Recoveries for such Distribution Date and (2) the principal portion of any Realized Losses allocated to the Class M Certificates on a prior Distribution Date and remaining unpaid;

(v) the lesser of (1) the Excess Cash Flow for such Distribution Date (to the extent not used pursuant to clause (iv) of this definition on such Distribution Date) and (2) the principal portion of any Realized Losses incurred (or deemed to have been incurred) on any Mortgage Loans in the calendar month preceding such Distribution Date that are allocated to any Class of Certificates; and

(vi) the lesser of (a) the Excess Cash Flow for such Distribution Date, to the extent not used pursuant to clauses (iv) and (v) of this definition on such Distribution Date, and (b) the amount of any Overcollateralization Increase Amount for such Distribution Date;

minus

(vii) (A) the amount of any Overcollateralization Reduction Amount for such Distribution Date and (B) the amount of any Capitalization Reimbursement Amount for such Distribution Date.

Principal Only Certificates: None.

Principal Remittance Amount: With respect to any Distribution Date, all amounts described in clauses (b)(i) through (iii) of the definition of Principal Distribution Amount for that Distribution Date.

Record Date: With respect to each Distribution Date and each Class of Book Entry Certificates, the Business Day immediately preceding such Distribution Date. With respect to each Class of Definitive Certificates, the close of business on the last Business Day of the month next preceding the month in which the related Distribution Date occurs, except in the case of the first Record Date which shall be the Closing Date.

Regular Certificates: The Class A, Class M and Class SB Certificates.

Relief Act: The Servicemembers Civil Relief Act, as amended.

Relief Act Shortfalls: Interest shortfalls on the Mortgage Loans resulting from the Relief Act or similar legislation or regulations.

REMIC I: The segregated pool of assets with respect to which a REMIC election is to be made, consisting of:

(i) the Mortgage Loans and the related Mortgage Files,

(ii) all payments and collections in respect of the Mortgage Loans due after the Cut-off Date (other than Monthly Payments due in the month of the Cut-off Date) as shall be on deposit in the Custodial Account or in the Certificate Account and identified as belonging to the Trust Fund,

(iii) property which secured a Mortgage Loan and which has been acquired for the benefit of the Certificateholders by foreclosure or deed in lieu of foreclosure,

(iv) the hazard insurance policies and Primary Insurance Policies, if any, and

(v) all proceeds of clauses (i) through (iv) above.

Notwithstanding the foregoing, the REMIC election with respect to REMIC I specifically excludes the Basis Risk Shortfall Reserve Fund.

REMIC I Distribution Amount: For any Distribution Date, the Available Distribution Amount shall be distributed to the REMIC I Regular Interests and the Class R-I Certificates in the following amounts and priority:

(i) to the extent of the Available Distribution Amount, to REMIC II as the holder of REMIC I Regular Interests LT1, LT2, LT3 and LT4, pro rata, in an amount equal to (A) their Uncertificated Accrued Interest for such Distribution Date reduced, in each case, by any Net Deferred Interest allocated to such REMIC I Regular Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates; and

(ii) to the extent of the Available Distribution Amount remaining after the distributions made pursuant to clause (i) above, to REMIC II as the holder of the REMIC I Regular Interests, in an amount equal to:

(A) in respect of REMIC I Regular Interests LT2, LT3 and LT4, their respective Principal Distribution Amounts;

(B) in respect of REMIC I Regular Interest LT1 any remainder until the Uncertificated Principal Balance thereof is reduced to zero;

(C) any remainder in respect of REMIC I Regular Interests LT2, LT3 and LT4, pro rata according to their respective Uncertificated Principal Balances as reduced by

the distributions deemed made pursuant to (A) above, until their respective Uncertificated Principal Balances are reduced to zero; and

(iii) any remaining amounts to the Holders of the Class R-I Certificates.

REMIC I Net Deferred Interest: Net Deferred Interest for any Distribution Date shall be allocated to REMIC I Regular Interest LT1.

REMIC I Principal Reduction Amounts: For any Distribution Date, the amounts by which the principal balances of REMIC I Regular Interests LT1, LT2, LT3 and LT4, respectively, will be reduced on such Distribution Date by the allocation of Realized Losses and the distribution of principal, determined as follows:

For purposes of the succeeding formulas the following symbols shall have the meanings set forth below:

Y_1 = the aggregate principal balance of REMIC I Regular Interest LT1 after distributions on the prior Distribution Date.

Y_2 = the principal balance of REMIC I Regular Interest LT2 after distributions on the prior Distribution Date.

Y_3 = the principal balance of REMIC I Regular Interest LT3 after distributions on the prior Distribution Date.

Y_4 = the principal balance of REMIC I Regular Interest LT4 after distributions on the prior Distribution Date (note: $Y_3 = Y_4$).

ΔY_1 = the REMIC I Regular Interest LT1 Principal Reduction Amount.

ΔY_2 = the REMIC I Regular Interest LT2 Principal Reduction Amount.

ΔY_3 = the REMIC I Regular Interest LT3 Principal Reduction Amount.

ΔY_4 = the REMIC I Regular Interest LT4 Principal Reduction Amount.

P_0 = the aggregate principal balance of REMIC I Regular Interests LT1, LT2, LT3 and LT4 after distributions and the allocation of Realized Losses on the prior Distribution Date.

P_1 = the aggregate principal balance of REMIC I Regular Interests LT1, LT2, LT3 and LT4 after distributions and the allocation of Realized Losses to be made on such Distribution Date.

$\Delta P = P_0 - P_1$ = the aggregate of REMIC I Regular Interests LT1, LT2, LT3 and LT4 Principal Reduction Amounts.

= the aggregate of the principal portions of Realized Losses to be allocated to, and the principal distributions to be made on, the Certificates on such Distribution Date (including

distributions of accrued and unpaid interest on the Class SB Certificates for prior Distribution Dates).

R_0 = the Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts distributed and Realized Losses allocated on the prior Distribution Date.

R_1 = the Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts to be distributed and Realized Losses to be allocated on such Distribution Date.

α = $(Y_2 + Y_3)/P_0$. The initial value of α on the Closing Date for use on the first Distribution Date shall be 0.0001.

γ_0 = the lesser of (A) the sum for all Classes of Certificates, other than the Class SB Certificates, of the product for each Class of (i) the monthly interest rate (as limited by the Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on such Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses on the prior Distribution Date and (B) R_0*P_0.

γ_1 = the lesser of (A) the sum for all Classes of Certificates, other than the Class SB Certificates, of the product for each Class of (i) the monthly interest rate (as limited by the Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on the next succeeding Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses to be made on such Distribution Date and (B) R_1*P_1.

Then, based on the foregoing definitions:

$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4$;

$\Delta Y_2 = (\alpha/2)\{(\gamma_0 R_1 - \gamma_1 R_0)/R_0 R_1\}$;

$\Delta Y_3 = \alpha\Delta P - \Delta Y_2$; and

$\Delta Y_4 = \Delta Y_3$.

if both ΔY_2 and ΔY_3, as so determined, are non-negative numbers. Otherwise:

(1) If ΔY_2, as so determined, is negative, then

$\Delta Y_2 = 0$;

$\Delta Y_3 = \alpha\{\gamma_1 R_0 P_0 - \gamma_0 R_1 P_1\}/\{\gamma_1 R_0\}$;

$\Delta Y_4 = \Delta Y_3$; and

$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4$.

(2) If ΔY_3, as so determined, is negative, then

$\Delta Y_3 = 0$;

$\Delta Y_2 = \alpha\{\gamma_1 R_0 P_0 - \gamma_0 R_1 P_1\}/\{2R_1 R_0 P_1 - \gamma_1 R_0\}$;

$\Delta Y_4 = \Delta Y_3$; and

$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4$.

REMIC I Realized Losses: Realized Losses on the Mortgage Loans shall be allocated to the REMIC I Regular Interests as follows: The interest portion of Realized Losses on the Mortgage Loans, if any, shall be allocated among REMIC I Regular Interests LT1, LT2 and LT4 pro rata according to the amount of interest accrued but unpaid thereon, in reduction thereof. Any interest portion of such Realized Losses in excess of the amount allocated pursuant to the preceding sentence shall be treated as a principal portion of Realized Losses not attributable to any specific Mortgage Loan and allocated pursuant to the succeeding sentences. The principal portion of Realized Losses on the Mortgage Loans, if any, shall be allocated first, to REMIC I Regular Interests LT2, LT3 and LT4 pro rata according to their respective Principal Reduction Amounts to the extent thereof in reduction of the Uncertificated Principal Balance of such REMIC I Regular Interests and, second, the remainder, if any, of such principal portion of such Realized Losses shall be allocated to REMIC I Regular Interest LT1 in reduction of the Uncertificated Principal Balance thereof.

REMIC I Regular Interests: REMIC I Regular Interests LT1, LT2, LT3 and LT4.

REMIC I Regular Interest LT1: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest LT1 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest LT1 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest LT1 on such Distribution Date.

REMIC I Regular Interest LT2: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest LT2 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest LT2 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest LT2 on such Distribution Date.

REMIC I Regular Interest LT3: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest LT3 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest LT3 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest LT3 on such Distribution Date.

REMIC I Regular Interest LT4: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest LT4 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest LT4 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest LT4 on such Distribution Date.

REMIC II: The segregated pool of assets subject hereto, constituting a portion of the primary trust created hereby and to be administered hereunder, with respect to which a separate REMIC election is to be made, consisting of the REMIC I Regular Interests. The REMIC election with respect to REMIC II specifically excludes the Basis Risk Shortfall Reserve Fund.

REMIC II Regular Interest: Any one of REMIC II Regular Interest A-1, REMIC II Regular Interest A-2, REMIC II Regular Interest A-3, REMIC II Regular Interest M-1, REMIC II Regular Interest M-2, REMIC II Regular Interest M-3, REMIC II Regular Interest M-4, REMIC II Regular Interest M-5, REMIC II Regular Interest M-6, REMIC II Regular Interest M-7, REMIC II Regular Interest M-8, REMIC II Regular Interest SB-IO or REMIC II Regular Interest SB-PO.

REMIC II Regular Interest A-1: A regular interest in REMIC II which has a principal balance equal to the principal balance of the Class A-1 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class A-1 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest A-2: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class A-2 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class A-2 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest A-3: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class A-3 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class A-3 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-1: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-1 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-1 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-2: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-2 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-2 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-3: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-3 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-3 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-4: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-4 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-4 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-5: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-5 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-5 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-6: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-6 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-6 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-7: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-7 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-7 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related

Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest M-8: A regular interest in REMIC II which is has a principal balance equal to the principal balance of the Class M-8 Certificates and which is entitled to interest at a rate equal to the lesser of (i) LIBOR plus the Class M-8 Margin and (ii) the Net WAC Cap Rate. Interest accrued in any Interest Accrual Period and not paid on the related Distribution Date shall carry forward to each succeeding Distribution Date without interest until paid.

REMIC II Regular Interest SB-IO: A regular interest in REMIC II that has no initial principal, that bears interest at the related Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest SB-PO: A regular interest in REMIC II that has an initial principal balance equal to the initial principal balance for the Class SB Certificates, as set forth in the Preliminary Statement, that bears no interest, and that has such other terms as are described herein.

Required Overcollateralization Amount: With respect to any Distribution Date (i) prior to the Stepdown Date, an amount equal to 0.80% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date; (ii) on or after the Stepdown Date but prior to the Distribution Date in April 2012, provided a Trigger Event is not in effect, the greater of (x) 2.00% of the outstanding aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions made on that Distribution Date and (y) the Overcollateralization Floor; (iii) on or after the Stepdown Date and on or after the Distribution Date in April 2012, provided a Trigger Event is not in effect, the greater of (x) 1.60% of the outstanding aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions made on that Distribution Date and (y) the Overcollateralization Floor; and (iv) on or after the Stepdown Date if a Trigger Event is in effect, the Required Overcollateralization Amount for the immediately preceding Distribution Date; provided that the Required Overcollateralization Amount may be reduced so long as written confirmation is obtained from each rating agency that the reduction will not reduce the ratings assigned to the Class A Certificates and Class M Certificates by that rating agency below the lower of the then-current ratings or the ratings assigned to those certificates as of the closing date by that rating agency.

Reserve Fund: The separate trust account created and maintained by the Trustee pursuant to Section 4.09 hereof.

Senior Certificate: Any one of the Class A Certificates.

Senior Enhancement Percentage: With respect to any Distribution Date, the percentage obtained by dividing (x) the sum of (i) the aggregate Certificate Principal Balance of the Class M Certificates and (ii) the Overcollateralization Amount, in each case prior to the distribution of the Principal Distribution Amount on such Distribution Date, by (y) the aggregated Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date.

Sequential Trigger Event: A Sequential Trigger Event is in effect with respect to any Distribution Date if (i) prior to the 37th Distribution Date, the aggregate amount of Realized Losses on the Mortgage Loans as a percentage of the initial aggregate Stated Principal Balance as of the Cut-off Date exceeds 0.45%, or (ii) if, on or after the 37th Distribution Date, a Trigger Event is in effect.

Sixty-Plus Delinquency Percentage: With respect to any Distribution Date on or after the Stepdown date, the arithmetic average, for each of the three consecutive Distribution Dates ending with such Distribution Date, of the fraction, expressed as a percentage, equal to (x) the aggregate Stated Principal Balance of the Mortgage Loans that are 60 or more days delinquent in payment of principal and interest for that Distribution Date, including Mortgage Loans in foreclosure, and REO Properties over (y) the aggregate Stated Principal Balance of all of the Mortgage Loans immediately preceding that Distribution Date.

Stated Principal Balance: With respect to any Mortgage Loan or related REO Property, as of any date of determination, (i) the sum of (a) the Cut-off Date Principal Balance of the Mortgage Loan plus (b) any amount by which the Stated Principal Balance of the Mortgage Loan has been increased pursuant to a Servicing Modification and (c) any amount by which the Stated Principal Balance of the Mortgage Loan has been increased for Deferred Interest pursuant to the terms of the related Mortgage Note on or prior to the Distribution Date, minus (ii) the sum of (a) the principal portion of the Monthly Payments due with respect to such Mortgage Loan or REO Property during each Due Period ending with the Due Period relating to the most recent Distribution Date which were received or with respect to which an Advance was made, (b) all Principal Prepayments with respect to such Mortgage Loan or REO Property, and all Insurance Proceeds, Liquidation Proceeds and REO Proceeds, to the extent applied by the Master Servicer as recoveries of principal in accordance with Section 3.14 with respect to such Mortgage Loan or REO Property, in each case which were distributed pursuant to Section 4.02 on any previous Distribution Date, and (c) any Realized Loss incurred with respect to such Mortgage Loan allocated to Certificateholders with respect thereto for any previous Distribution Date.

Stepdown Date: The later to occur of (x) the Distribution Date in April 2009 and (y) the first Distribution Date on which the Senior Enhancement Percentage is greater than or equal to (a) on any Distribution Date prior to the Distribution Date in April 2012, 19.625% and (b) on any Distribution Date on or after the Distribution Date in April 2012, 15.70%.

Subordination Percentage: With respect to each class of Class A Certificates and Class M Certificates, the respective approximate percentage set forth in the table below:

Class	Percentage (1)	Percentage (2)
A	80.375%	84.300%
M-1	86.750%	89.400%
M-2	90.000%	92.000%
M-3	91.250%	93.000%
M-4	92.500%	94.000%
M-5	93.750%	95.000%
M-6	95.000%	96.000%
M-7	96.750%	97.400%
M-8	98.000%	98.400%

(1) For any Distribution Date prior to the Distribution Date in April 2012.

(2) For any Distribution Date in April 2012 or thereafter.

Trigger Event: A Trigger Event is in effect with respect to any Distribution Date on or after the Stepdown Date if either (a) the Sixty-Plus Delinquency Percentage, as determined on that Distribution Date, exceeds 35.41%, if prior to the Distribution Date in April 2012, or 40.00%, if on or after the Distribution Date in April 2012, of the Senior Enhancement Percentage for that Distribution Date or (b) the aggregate amount of Realized Losses on the Mortgage Loans as a percentage of the initial aggregate Stated Principal Balance as of the Cut-off Date exceeds the applicable amount set forth below:

- April 2009 to March 2010: 0.450% with respect to April 2009, plus an additional 1/12th of 0.350% for each month through March 2010.
- April 2010 to March 2011: 0.800% with respect to April 2010, plus an additional 1/12th of 0.350% for each month through March 2011.
- April 2011 to March 2012: 1.150% with respect to April 2011, plus an additional 1/12th of 0.400% for each month through March 2012.
- April 2012 to March 2013: 1.550% with respect to April 2012, plus an additional 1/12th of 0.150% for each month through March 2013.
- April 2013 and thereafter: 1.700%

2006-QO3 REMIC: Either of REMIC I or REMIC II, as the case may be.

Uncertificated Accrued Interest: With respect to the REMIC I Regular Interests for any Distribution Date, one month's interest at the related Uncertificated REMIC I Pass-Through Rate for such Distribution Date, accrued on its Uncertificated Principal Balance, immediately prior to such Distribution Date. Uncertificated Accrued Interest for the REMIC I Regular Interests shall accrue on the basis of a 360-day year consisting of twelve 30-day months. For purposes of calculating the amount of Uncertificated Accrued Interest for the REMIC I Regular Interests for any Distribution Date, any Prepayment Interest Shortfalls and Relief Act Shortfalls (to the extent not covered by Compensating Interest) relating to the Mortgage Loans for any Distribution Date shall be allocated among REMIC I Regular Interests LT1, LT2, LT3 and LT4, pro rata, based on, and to the extent of, Uncertificated Accrued Interest, as calculated without application of this sentence. Uncertificated Accrued Interest on REMIC II Regular Interest SB-PO shall be zero. Uncertificated Accrued Interest on REMIC II Regular Interest SB-IO for each Distribution Date shall equal Accrued Certificate Interest for the Class SB Certificates.

Uncertificated Principal Balance: The principal amount of any REMIC I Regular Interest outstanding as of any date of determination. The Uncertificated Principal Balance of each REMIC I Regular Interest shall be reduced first by Realized Losses allocated thereto by the definition of REMIC I Realized Losses, and by all distributions of principal deemed made on such REMIC I Regular Interest on such Distribution Date. The Uncertificated Principal Balance of each REMIC I Regular Interest shall never be less than zero. With respect to the REMIC II Regular Interest SB-PO the initial amount set forth with respect thereto in the Preliminary Statement as reduced by distributions deemed made in respect thereof pursuant to Section 4.02 and Realized Losses allocated thereto pursuant to Section 4.05.

Uncertificated REMIC I Pass-Through Rate: With respect to any Distribution Date and (i) REMIC I Regular Interests LT1 and LT2, the Net WAC Cap Rate, (ii) REMIC I Regular Interest LT3, zero (0.00%) and (iii) REMIC I Regular Interest LT4, twice the Net WAC Cap Rate.

Underwriter: Goldman, Sachs & Co.

Section 1.02. Determination of LIBOR.

LIBOR applicable to the calculation of the Pass-Through Rate on the LIBOR Certificates for any Interest Accrual Period will be determined as of each LIBOR Rate Adjustment Date. On each LIBOR Rate Adjustment Date, or if such LIBOR Rate Adjustment Date is not a Business Day, then on the next succeeding Business Day, LIBOR shall be established by the Trustee and, as to any Interest Accrual Period, will equal the rate for one month United States dollar deposits that appears on the Dow Jones Telerate Screen Page 3750 as of 11:00 a.m., London time, on such LIBOR Rate Adjustment Date. "Dow Jones Telerate Screen Page 3750" means the display designated as page 3750 on the Telerate Service (or such other page as may replace page 3750 on that service for the purpose of displaying London interbank offered rates of major banks). If such rate does not appear on such page (or such other page as may replace that page on that service, or if such service is no longer offered, LIBOR shall be so established by use of such other service for displaying LIBOR or comparable rates as may be selected by the Trustee after consultation with the Master Servicer), the rate will be the Reference Bank Rate. The "Reference Bank Rate" will be determined on the basis of the rates at which deposits in U.S.

Dollars are offered by the reference banks (which shall be any three major banks that are engaged in transactions in the London interbank market, selected by the Trustee after consultation with the Master Servicer) as of 11:00 a.m., London time, on the LIBOR Rate Adjustment Date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the LIBOR Certificates then outstanding. The Trustee will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations rounded up to the next multiple of 1/16%. If on such date fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by one or more major banks in New York City, selected by the Trustee after consultation with the Master Servicer, as of 11:00 a.m., New York City time, on such date for loans in U.S. Dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the LIBOR Certificates then outstanding. If no such quotations can be obtained, the rate will be LIBOR for the prior Distribution Date; provided however, if, under the priorities described above, LIBOR for a Distribution Date would be based on LIBOR for the previous Distribution Date for the third consecutive Distribution Date, the Trustee, after consultation with the Master Servicer, shall select an alternative comparable index (over which the Trustee has no control), used for determining one-month Eurodollar lending rates that is calculated and published (or otherwise made available) by an independent party.

The establishment of LIBOR by the Trustee and the Master Servicer on any LIBOR Rate Adjustment Date and the Master Servicer's subsequent calculation of the Pass-Through Rate applicable to the LIBOR Certificates for the relevant Interest Accrual Period, in the absence of manifest error, will be final and binding.

Promptly following each LIBOR Rate Adjustment Date the Trustee shall supply the Master Servicer with the results of its determination of LIBOR on such date. Furthermore, the Trustee will supply to any Certificateholder so requesting by telephone by calling (800) 735-7777 the Pass-Through Rate on the LIBOR Certificates for the current and the immediately preceding Interest Accrual Period.

Section 1.03. Use of Words and Phrases.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to the Pooling and Servicing Agreement as a whole. All references herein to Articles, Sections or Subsections shall mean the corresponding Articles, Sections and Subsections in the Pooling and Servicing Agreement. The definitions set forth herein include both the singular and the plural.

ARTICLE II

CONVEYANCE OF MORTGAGE LOANS; ORIGINAL ISSUANCE OF CERTIFICATES

Section 2.01. Conveyance of Mortgage Loans. (See Section 2.01 of the Standard Terms.)

Section 2.02. Acceptance by Trustee. (See Section 2.02 of the Standard Terms.)

Section 2.03. Representations, Warranties and Covenants of the Master Servicer and the Company.

(a) For representations, warranties and covenants of the Master Servicer, see Section 2.03(a) of the Standard Terms.

(b) The Company hereby represents and warrants to the Trustee for the benefit of Certificateholders that as of the Closing Date (or, if otherwise specified below, as of the date so specified):

(i) No Mortgage Loan is 30 or more days Delinquent in payment of principal and interest as of the Cut-off Date and no Mortgage Loan has been so Delinquent more than once in the 12-month period prior to the Cut-off Date;

(ii) The information set forth in Exhibit One hereto with respect to each Mortgage Loan or the Mortgage Loans, as the case may be, is true and correct in all material respects at the date or dates respecting which such information is furnished;

(iii) The Mortgage Loans are payment-option adjustable-rate mortgage loans with a negative amortization feature with Monthly Payments due, with respect to a majority of the Mortgage Loans, on the first day of each month and terms to maturity at origination or modification of not more than 40 years;

(iv) To the best of the Company's knowledge, except with respect to two Mortgage Loans, representing no more than 0.1% of the aggregate Stated Principal Balance of the Mortgage Loans, if a Mortgage Loan is secured by a Mortgaged Property with a Loan-to-Value Ratio at origination in excess of 80%, such Mortgage Loan is the subject of a Primary Insurance Policy that insures (a) at least 35% of the Stated Principal Balance of the Mortgage Loan at origination if the Loan-to-Value Ratio is between 100.00% and 95.01%, (b) at least 30% of the Stated Principal Balance of the Mortgage Loan at origination if the Loan-to-Value Ratio is between 95.00% and 90.01%, (c) at least 25% of such balance if the Loan-to-Value Ratio is between 90.00% and 85.01% and (d) at least 12% of such balance if the Loan-to-Value Ratio is between 85.00% and 80.01%. To the best of the Company's knowledge, each such Primary Insurance Policy is in full force and effect and the Trustee is entitled to the benefits thereunder;

(v) The issuers of the Primary Insurance Policies are insurance companies whose claims-paying abilities are currently acceptable to each Rating Agency;

(vi) No more than 0.7% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date are secured by Mortgaged Properties located in any one zip code area in California, and no more than 0.5% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date are

secured by Mortgaged Properties located in any one zip code area outside California;

(vii) The improvements upon the Mortgaged Properties are insured against loss by fire and other hazards as required by the Program Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Mortgage requires the Mortgagor to maintain such casualty insurance at the Mortgagor's expense, and on the Mortgagor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at the Mortgagor's expense and to seek reimbursement therefor from the Mortgagor;

(viii) Immediately prior to the assignment of the Mortgage Loans to the Trustee, the Company had good title to, and was the sole owner of, each Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest (other than rights to servicing and related compensation) and such assignment validly transfers ownership of the Mortgage Loans to the Trustee free and clear of any pledge, lien, encumbrance or security interest;

(ix) No more than 87.7% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date were underwritten under a reduced loan documentation program, no more than 0.6% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date were underwritten under a no-stated income program, and no more than 0.9% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date were underwritten under a no income/no asset program;

(x) Except with respect to no more than 8.3% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-off Date, the Mortgagor represented in its loan application with respect to the related Mortgage Loan that the Mortgaged Property would be owner-occupied;

(xi) None of the Mortgage Loans is a Buy-Down Mortgage Loan;

(xii) Each Mortgage Loan constitutes a qualified mortgage under Section 860G(a)(3)(A) of the Code and Treasury Regulation Section 1.860G-2(a)(1), (2), (4), (5), (6), (7) and (9) without reliance on the provisions of Treasury Regulation Section 1.860G-2(a)(3) or Treasury Regulation Section 1.860G-2(f)(2) or any other provision that would allow a Mortgage Loan to be treated as a "qualified mortgage" notwithstanding its failure to meet the requirements of Section 860G(a)(3)(A) of the Code and Treasury Regulation Section 1.860G-2(a)(1), (2), (4), (5), (6), (7) and (9);

(xiii) A policy of title insurance was effective as of the closing of each Mortgage Loan and is valid and binding and remains in full force and effect, unless the Mortgaged Properties are located in the State of Iowa and an attorney's certificate has been provided as described in the Program Guide;

(xiv) No Mortgage Loan is a Cooperative Loan;

(xv) With respect to each Mortgage Loan originated under a "streamlined" Mortgage Loan program (through which no new or updated appraisals of Mortgaged Properties are obtained in connection with the refinancing thereof), the related Seller has represented that either (a) the value of the related Mortgaged Property as of the date the Mortgage Loan was originated was not less than the appraised value of such property at the time of origination of the refinanced Mortgage Loan or (b) the Loan-to-Value Ratio of the Mortgage Loan as of the date of origination of the Mortgage Loan generally meets the Company's underwriting guidelines;

(xvi) Interest on each Mortgage Loan is calculated on the basis of a 360-day year consisting of twelve 30-day months;

(xvii) None of the Mortgage Loans contain in the related Mortgage File a Destroyed Mortgage Note;

(xviii) None of the Mortgage Loans has been made to International Borrowers;

(xix) No Mortgage Loan provides for payments that are subject to reduction by withholding taxes levied by any foreign (non-United States) sovereign government; and

(xx) None of the Mortgage Loans are Additional Collateral Loans and none of the Mortgage Loans are Pledged Asset Loans.

It is understood and agreed that the representations and warranties set forth in this Section 2.03(b) shall survive delivery of the respective Mortgage Files to the Trustee or any Custodian.

Upon discovery by any of the Company, the Master Servicer, the Trustee or any Custodian of a breach of any of the representations and warranties set forth in this Section 2.03(b) that materially and adversely affects the interests of the Certificateholders in any Mortgage Loan, the party discovering such breach shall give prompt written notice to the other parties (any Custodian being so obligated under a Custodial Agreement); provided, however, that in the event of a breach of the representation and warranty set forth in Section 2.03(b)(xii), the party discovering such breach shall give such notice within five days of discovery. Within 90 days of its discovery or its receipt of notice of breach, the Company shall either (i) cure such breach in all material respects or (ii) purchase such Mortgage Loan from the Trust Fund at the Purchase Price and in the manner set forth in Section 2.02; provided that the Company shall have the option to substitute a Qualified Substitute Mortgage Loan or Loans for such Mortgage Loan if such substitution occurs within two years following the Closing Date; provided that if the omission or defect would cause the Mortgage Loan to be other than a "qualified mortgage" as defined in Section 860G(a)(3) of the Code, any such cure or repurchase must occur within 90 days from the date such breach was discovered. Any such substitution shall be effected by the Company under the same terms and conditions as provided in Section 2.04 for substitutions by Residential Funding. It is understood and agreed that the obligation of the Company to cure such breach or to so purchase or substitute for any Mortgage Loan as to which such a breach has

occurred and is continuing shall constitute the sole remedy respecting such breach available to the Certificateholders or the Trustee on behalf of the Certificateholders.

Section 2.04. Representations and Warranties of Sellers.(See Section 2.04 of the Standard Terms)

Section 2.05. Execution and Authentication of Certificates/Issuance of Certificates Evidencing Interests in REMICs.

The Trustee acknowledges the assignment to it of the Mortgage Loans and the delivery of the Mortgage Files to it, or any Custodian on its behalf, subject to any exceptions noted, together with the assignment to it of all other assets included in the Trust Fund and/or the applicable REMIC, receipt of which is hereby acknowledged. Concurrently with such delivery and in exchange therefor, the Trustee, pursuant to the written request of the Company executed by an officer of the Company, has executed and caused to be authenticated and delivered to or upon the order of the Company the Class R-I Certificates in authorized denominations which, together with the REMIC I Regular Interests, evidence the beneficial interest in REMIC I, and the Class R-II Certificates in authorized denominations which, together with the REMIC II Regular Interests, evidence the beneficial interest in REMIC II.

Section 2.06. Conveyance of REMIC I Regular Interests; Acceptance by the Trustee.

The Company, as of the Closing Date, and concurrently with the execution and delivery hereof, does hereby assign without recourse all the right, title and interest of the Company in and to the REMIC I Regular Interests to the Trustee for the benefit of the Holders of each Class of Certificates (other than the Class R-I Certificates). The Trustee acknowledges receipt of the REMIC I Regular Interests and declares that it holds and will hold the same in trust for the exclusive use and benefit of all present and future Holders of each Class of Certificates (other than the Class R-I Certificates). The rights of the Holders of each Class of Certificates (other than the Class R-I Certificates) to receive distributions from the proceeds of REMIC II in respect of such Classes, and all ownership interests of the Holders of such Classes in such distributions, shall be as set forth in this Agreement.

Section 2.07. Issuance of Certificates Evidencing Interest in REMIC II.

The Trustee acknowledges the assignment to it of the REMIC I Regular Interests and, concurrently therewith and in exchange therefor, pursuant to the written request of the Company executed by an officer of the Company, the Trustee has executed and caused to be authenticated and delivered to or upon the order of the Company, all Classes of Certificates (other than the Class R-I Certificates) in authorized denominations, which evidence the beneficial interest in the entire REMIC II.

Section 2.08. Purposes and Powers of the Trust. (See Section 2.08 of the Standard Terms.)

Section 2.09. Agreement Regarding Ability to Disclose.

The Company, the Master Servicer and the Trustee hereby agree, notwithstanding any other express or implied agreement to the contrary, that any and all Persons, and any of their respective employees, representatives, and other agents may disclose, immediately upon commencement of discussions, to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure. For purposes of this paragraph, the terms "tax treatment" and "tax structure" are defined under Treasury Regulation § 1.6011-4(c).

ARTICLE III

ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

Section 3.01 Master Servicer to Act as Servicer. (See Section 3.01 of the Standard Terms)

Section 3.02 Subservicing Agreements Between Master Servicer and Subservicers; Enforcement of Subservicers' and Sellers' Obligations. (See Section 3.02 of the Standard Terms)

Section 3.03 Successor Subservicers. (See Section 3.03 of the Standard Terms)

Section 3.04 Liability of the Master Servicer. (See Section 3.04 of the Standard Terms)

Section 3.05 No Contractual Relationship Between Subservicer and Trustee or Certificateholders. (See Section 3.05 of the Standard Terms)

Section 3.06 Assumption or Termination of Subservicing Agreements by Trustee. (See Section 3.06 of the Standard Terms)

Section 3.07 Collection of Certain Mortgage Loan Payments; Deposit to Custodial Account.

(a) (See Section 3.07(a) of the Standard Terms)

(b) The Master Servicer shall establish and maintain a Custodial Account in which the Master Servicer shall deposit or cause to be deposited on a daily basis, except as otherwise specifically provided herein, the following payments and collections remitted by Subservicers or received by it in respect of the Mortgage Loans subsequent to the Cut-off Date (other than in respect of principal and interest on the Mortgage Loans due on or before the Cut-off Date):

(i) All payments on account of principal, including Principal Prepayments made by Mortgagors on the Mortgage Loans and the principal component of any Subservicer Advance or of any REO Proceeds received in connection with an REO Property for which an REO Disposition has occurred;

(ii) All payments on account of interest at the Adjusted Mortgage Rate on the Mortgage Loans, including Buydown Funds, if any, and the interest component of any Subservicer Advance or of any REO Proceeds received in connection with an REO Property for which an REO Disposition has occurred;

(iii) Insurance Proceeds, Subsequent Recoveries and Liquidation Proceeds (net of any related expenses of the Subservicer);

(iv) All proceeds of any Mortgage Loans purchased pursuant to Section 2.02, 2.03, 2.04 or 4.07 (including amounts received from Residential Funding pursuant to the last paragraph of Section 4 of the Assignment Agreement in respect of any liability, penalty or expense that resulted from a breach of the Compliance With Laws Representation and all amounts required to be deposited in connection with the substitution of a Qualified Substitute Mortgage Loan pursuant to Section 2.03 or 2.04;

(v) Any amounts required to be deposited pursuant to Section 3.07(c) or 3.21;

(vi) All amounts transferred from the Certificate Account to the Custodial Account in accordance with Section 4.02(a);

(vii) Any amounts realized by the Subservicer and received by the Master Servicer in respect of any Additional Collateral;

(viii) Any amounts received by the Master Servicer in respect of Pledged Assets; and

(ix) Any amounts received by the Master Servicer in connection with any Prepayment Charges on the Prepayment Charge Loans.

The foregoing requirements for deposit in the Custodial Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments on the Mortgage Loans which are not part of the Trust Fund (consisting of payments in respect of principal and interest on the Mortgage Loans due on or before the Cut-off Date) and payments or collections in the nature of late payment charges or assumption fees may but need not be deposited by the Master Servicer in the Custodial Account. In the event any amount not required to be deposited in the Custodial Account is so deposited, the Master Servicer may at any time withdraw such amount from the Custodial Account, any provision herein to the contrary notwithstanding. The Custodial Account may contain funds that belong to one or more trust funds created for mortgage pass-through certificates of other series and may contain other funds respecting payments on Mortgage Loans belonging to the Master Servicer or serviced or master serviced by it on behalf of others. Notwithstanding such commingling of funds, the Master Servicer shall keep records that accurately reflect the funds on deposit in the Custodial Account that have been identified by it as being attributable to the Mortgage Loans.

With respect to Insurance Proceeds, Liquidation Proceeds, REO Proceeds and the proceeds of the purchase of any Mortgage Loan pursuant to Sections 2.02, 2.03, 2.04 and 4.07 received in any calendar month, the Master Servicer may elect to treat such amounts as included in the Available Distribution Amount for the Distribution Date in the month of receipt, but is not obligated to do so. If the Master Servicer so elects, such amounts will be deemed to have been received (and any related Realized Loss shall be deemed to have occurred) on the last day of the month prior to the receipt thereof.

(c) (See Section 3.07(c) of the Standard Terms)

(d) (See Section 3.07(d) of the Standard Terms)

(e) Notwithstanding Section 3.07(a), The Master Servicer shall not waive (or permit a Subservicer to waive) any Prepayment Charge unless: (i) the enforceability thereof shall have been limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally, (ii) the enforcement thereof is illegal, or any local, state or federal agency has threatened legal action if the prepayment penalty is enforced, (iii) the collectability thereof shall have been limited due to acceleration in connection with a foreclosure or other involuntary payment or (iv) such waiver is standard and customary in servicing similar Mortgage Loans and relates to a default or a reasonably foreseeable default and would, in the reasonable judgment of the Master Servicer, maximize recovery of total proceeds taking into account the value of such Prepayment Charge and the related Mortgage Loan. In no event will the Master Servicer waive a Prepayment Charge in connection with a refinancing of a Mortgage Loan that is not related to a default or a reasonably foreseeable default. If a Prepayment Charge is waived, but does not meet the standards described above, then the Master Servicer is required to deposit into the Custodial Account the amount of such waived Prepayment Charge at the time that the amount prepaid on the related Mortgage Loan is required to be deposited into the Custodial Account. Notwithstanding any other provisions of this Agreement, any payments made by the Master Servicer in respect of any waived Prepayment Charges pursuant to this Section shall be deemed to be paid outside of the Trust Fund and not part of any REMIC.

Section 3.08. Subservicing Accounts; Servicing Accounts (See Section 3.08 of the Standard Terms)

Section 3.09. Access to Certain Documentation and Information Regarding the Mortgage Loans (See Section 3.09 of the Standard Terms)

Section 3.10. Permitted Withdrawals from the Custodial Account (See Section 3.10 of the Standard Terms)

Section 3.11. Maintenance of the Primary Insurance Policies; Collections Thereunder (See Section 3.011 of the Standard Terms)

Section 3.12. Maintenance of Fire Insurance and Omissions and Fidelity Coverage (See Section 3.12 of the Standard Terms)

Section 3.13. Enforcement of Due-on-Sale Clauses; Assumption and Modification Agreements; Certain Assignments (See Section 3.13 of the Standard Terms)

Section 3.14. Realization Upon Defaulted Mortgage Loans (See Section 3.14 of the Standard Terms)

Section 3.15. Trustee to Cooperate; Release of Mortgage Files (See Section 3.15 of the Standard Terms)

Section 3.16. Servicing and Other Compensation; Compensating Interest

(a) (See Section 3.16(a) of the Standard Terms)

(b) Additional servicing compensation in the form of assumption fees, late payment charges, investment income on amounts in the Custodial Account or the Certificate Account or otherwise (but not including Prepayment Charges) shall be retained by the Master Servicer or the Subservicer to the extent provided herein, subject to clause (e) below. Prepayment charges shall be deposited into the Certificate Account and shall be paid on each Distribution Date to the holders of the Class SB Certificates.

(c) (See Section 3.16(c) of the Standard Terms)

(d) (See Section 3.16(d) of the Standard Terms)

(e) (See Section 3.16(e) of the Standard Terms)

Section 3.17. Reports to the Trustee and the Company (See Section 3.17 of the Standard Terms)

Section 3.18. Annual Statement as to Compliance (See Section 3.18 of the Standard Terms)

Section 3.19. Annual Independent Public Accountants' Servicing Report (See Section 3.19 of the Standard Terms)

Section 3.20. Rights of the Company in Respect of the Master Servicer (See Section 3.20 of the Standard Terms)

Section 3.21. Administration of Buydown Funds (See Section 3.21 of the Standard Terms)

Section 3.22 Advance Facility (See Section 3.22 of the Standard Terms)

ARTICLE IV

PAYMENTS TO CERTIFICATEHOLDERS

Section 4.01. Certificate Account. (See Section 4.01 of the Standard Terms.)

Section 4.02. Distributions.

(a) On each Distribution Date, the Trustee (or the Paying Agent on behalf of the Trustee) shall allocate and distribute the Available Distribution Amount to the extent on deposit in the Certificate Account for such date to the interests issued in respect of REMIC I and REMIC II as specified in this Section.

(b) (1) On each Distribution Date, the REMIC I Distribution Amount shall be distributed by REMIC I to REMIC II on account of the REMIC I Regular Interests in the amounts and with the priorities set forth in the definition thereof.

(2) Notwithstanding the distributions on the REMIC I Regular Interests described in this Section 4.02(b), distribution of funds from the Certificate Account shall be made only in accordance with Section 4.02(c).

(c) On each Distribution Date (x) the Master Servicer on behalf of the Trustee or (y) the Paying Agent appointed by the Trustee, shall distribute to each Certificateholder of record on the next preceding Record Date (other than as provided in Section 9.01 of the Standard Terms respecting the final distribution) either in immediately available funds (by wire transfer or otherwise) to the account of such Certificateholder at a bank or other entity having appropriate facilities therefor, if such Certificateholder has so notified the Master Servicer or the Paying Agent, as the case may be, or, if such Certificateholder has not so notified the Master Servicer or the Paying Agent by the Record Date, by check mailed to such Certificateholder at the address of such Holder appearing in the Certificate Register such Certificateholder's share (which share with respect to each Class of Certificates, shall be based on the aggregate of the Percentage Interests represented by Certificates of the applicable Class held by such Holder of the following amounts), in the following order of priority, in each case to the extent of the Available Distribution Amount on deposit in the Certificate Account (except, with respect to clause (viii)(B) below, to the extent of Prepayment Charges on deposit in the Certificate Account):

(i) The Interest Distribution Amount, sequentially:

(A) first, to the Class A-1, Class A-2 and Class A-3 Certificates, Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date, on a pro rata basis in accordance with the Accrued Certificate Interest and any interest thereon due to each such class;

(B) second, to the Class M-1 Certificates, Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate

Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(C) third, to the Class M-2 Certificates Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(D) fourth, to the Class M-3 Certificates Accrued Certificate Interest due thereon for such Distribution Date plus any related Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(E) fifth, to the Class M-4 Certificates, Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(F) sixth, to the Class M-5 Certificates Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(G) seventh, to the Class M-6 Certificates Accrued Certificate Interest due thereon for such Distribution Date plus any related Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(H) eighth, to the Class M-7 Certificates, Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date; and

(I) ninth, to the Class M-8 Certificates Accrued Certificate Interest due thereon for such Distribution Date plus any Accrued Certificate Interest due thereon remaining unpaid from any prior Distribution Date, together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date;

(ii) to the Class A Certificateholders and the Class M Certificateholders from the amount, if any, of Available Distribution Amount remaining after the foregoing distributions, the Principal Distribution Amount, which amount shall be allocated in the manner and priority set forth in Section 4.02(d), until the aggregate Certificate Principal Balance of each Class of Class A Certificates and Class M Certificates has been reduced to zero;

(iii) to the Class A Certificateholders and Class M Certificateholders from the amount, if any, of Excess Cash Flow remaining after the foregoing distributions, the amount of any related Prepayment Interest Shortfalls with respect to the Mortgage Loans for that Distribution Date, to the extent not covered by Compensating Interest on such Distribution Date, which amount shall be allocated to the Class A Certificateholders and Class M Certificateholders on a pro rata basis, based on the amount of Prepayment Interest Shortfalls allocated thereto for such Distribution Date;

(iv) to the Class A Certificateholders and Class M Certificateholders from the amount, if any, of Excess Cash Flow remaining after the foregoing distributions, the amount of any Prepayment Interest Shortfalls allocated thereto remaining unpaid from prior Distribution Dates together with interest thereon at the related Pass-Through Rate in effect for such Distribution Date, which amount shall be allocated to the Class A Certificateholders and Class M Certificateholders on a pro rata basis, based on the amount of Prepayment Interest Shortfalls remaining unpaid;

(v) to the Class A Certificates and Class M Certificates from the amount, if any, of Excess Cash Flow remaining after the foregoing distributions the amount of any Basis Risk Shortfall on such Certificates (after giving effect, with respect to the initial Distribution Date, to payments made from the Basis Risk Shortfall Reserve Fund), which amount shall be allocated first, to the Class A Certificates on a pro rata basis, based on their respective Basis Risk Shortfall for such Distribution Date, and then, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificateholders, in that order;

(vi) to pay the holders of the Class A and Class M Certificates, on a pro rata basis, based on Relief Act Shortfalls allocated thereto for such Distribution Date, the amount of any Relief Act Shortfalls allocated thereto with respect to the Mortgage Loans for such Distribution Date,

(vii) to the Class M Certificateholders, the principal portion of any Realized Losses previously allocated to those Certificates and remaining unreimbursed, which amount shall be allocated sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificateholders, in that order;

(viii) to the Class SB Certificates, (A) from the amount, if any, of the Available Distribution Amount remaining after the foregoing distributions, the sum of (I) Accrued Certificate Interest thereon, (II) the amount of any Overcollateralization Reduction Amount for such Distribution Date and (III) for any Distribution Date after the Certificate Principal Balance of each Class A Certificate and Class M Certificate has been reduced to zero, the Overcollateralization Amount, and (B) from prepayment charges on deposit in the Certificate Account, any prepayment charges received on the Mortgage Loans during the related Prepayment Period.

(ix) to the Class R Certificateholders, the balance, if any, of the Available Distribution Amount.

All payments of amounts in respect of Basis Risk Shortfall made pursuant to Section 4.02(c)(v) shall, for federal income tax purposes, be deemed to have been distributed from REMIC II to the holder of the Class SB Certificates and then paid outside of any REMIC to the recipients thereof pursuant to an interest rate cap contract. By accepting their Certificates the holders of the Certificates agree to treat such payments in the manner described in the preceding sentence for purposes of filing their income tax returns.

(d) The Principal Distribution Amount payable to the Class A Certificateholders and the Class M Certificateholders shall be distributed as follows:

(i) first, the Class A Principal Distribution Amount shall be distributed concurrently, on a pro rata basis in accordance with their respective Certificate Principal Balances, to the Class A-1, Class A-2 and Class A-3 Certificates, until the Certificate Principal Balances thereof have been reduced to zero; provided, however that if a Sequential Trigger Event is in effect, the Class A Principal Distribution Amount will be distributed sequentially to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, in each case until the Certificate Principal Balance thereof has been reduced to zero;

(ii) second, the Class M-1 Principal Distribution Amount shall be distributed to the Class M-1 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(iii) third, the Class M-2 Principal Distribution Amount shall be distributed to the Class M-2 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(iv) fourth, the Class M-3 Principal Distribution Amount shall be distributed to the Class M-3 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(v) fifth, the Class M-4 Principal Distribution Amount shall be distributed to the Class M-4 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(vi) sixth, the Class M-5 Principal Distribution Amount shall be distributed to the Class M-5 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(vii) seventh, the Class M-6 Principal Distribution Amount shall be distributed to the Class M-6 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(viii) eighth, the Class M-7 Principal Distribution Amount shall be distributed to the Class M-7 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(ix) ninth, the Class M-8 Principal Distribution Amount shall be distributed to the Class M-8 Certificates until the Certificate Principal Balance thereof has been reduced to zero.

(e) Notwithstanding the foregoing clauses (c) and (d), upon the reduction of the Certificate Principal Balance of a Class of Class A Certificates or Class M Certificates to zero, such Class of Certificates will not be entitled to further distributions pursuant to Section 4.02, including, without limitation, the payment of current and unreimbursed Prepayment Interest Shortfalls pursuant to clauses (c)(iii) and (iv) and Basis Risk Shortfall pursuant to clause (c)(v).

(f) Each distribution with respect to a Book-Entry Certificate shall be paid to the Depository, as Holder thereof, and the Depository shall be solely responsible for crediting the amount of such distribution to the accounts of its Depository Participants in accordance with its normal procedures. Each Depository Participant shall be responsible for disbursing such distribution to the Certificate Owners that it represents and to each indirect participating brokerage firm (a "brokerage firm") for which it acts as agent. Each brokerage firm shall be responsible for disbursing funds to the Certificate Owners that it represents. None of the Trustee, the Certificate Registrar, the Company or the Master Servicer shall have any responsibility therefor.

(g) Except as otherwise provided in Section 9.01 of the Standard Terms, if the Master Servicer anticipates that a final distribution with respect to any Class of Certificates will be made on a future Distribution Date, the Master Servicer shall, no later than 40 days prior to such final Distribution Date, notify the Trustee and the Trustee shall, not earlier than the 15th day and not later than the 25th day of the month next preceding the month of such final distribution, distribute, or cause to be distributed, to each Holder of such Class of Certificates a notice to the effect that: (i) the Trustee anticipates that the final distribution with respect to such Class of Certificates will be made on such Distribution Date but only upon presentation and surrender of such Certificates at the office of the Trustee or as otherwise specified therein, and (ii) no interest shall accrue on such Certificates from and after the end of the related Interest Accrual Period. In the event that Certificateholders required to surrender their Certificates pursuant to Section 9.01(c) of the Standard Terms do not surrender their Certificates for final cancellation, the Trustee shall cause funds distributable with respect to such Certificates to be

withdrawn from the Certificate Account and credited to a separate escrow account for the benefit of such Certificateholders as provided in Section 9.01(d) of the Standard Terms.

(h) On the initial Distribution Date, Basis Risk Shortfall amounts with respect to the initial Distribution Date, if any, will be paid to the Holders of the Class A Certificates and Class M Certificates, pro rata, based on the amount of Basis Risk Shortfalls for such Classes, from amounts withdrawn from the Basis Risk Shortfall Reserve Fund.

(i) On any Distribution Date, Net Deferred Interest for such Distribution Date, if any, will be allocated to each Class of Class A Certificates and Class M Certificates, on a pro rata basis, in accordance with the amount of interest accrued on such Class at its Pass-Through Rate for the Interest Accrual Period for such Distribution Date (in each case before giving effect to any allocation of Net Deferred Interest for such Distribution Date). Net Deferred Interest allocated to any Class of Certificates will be added as principal to the outstanding Certificate Principal Balance of such Class of Certificates.

Section 4.03. Statements to Certificateholders; Statements to the Rating Agencies; Exchange Act Reporting. (See Section 4.03 of the Standard Terms.)

Section 4.04. Distribution of Reports to the Trustee and the Company; Advances by the Master Servicer.

(a) (See Section 4.04(a) of the Standard Terms)

(b) On or before 2:00 P.M. New York time on each Certificate Account Deposit Date, the Master Servicer shall either (i) deposit in the Certificate Account from its own funds, or funds received therefor from the Subservicers, an amount equal to the Advances to be made by the Master Servicer in respect of the related Distribution Date, which shall be in an aggregate amount equal to the aggregate amount of Monthly Payments (with each interest portion thereof adjusted to the Net Mortgage Rate), less the amount of any related Servicing Modifications, Debt Service Reductions or reductions in the amount of interest collectable from the Mortgagor pursuant to the Servicemembers Civil Relief Act, as amended, or similar legislation or regulations then in effect, on the Outstanding Mortgage Loans as of the related Due Date, which Monthly Payments were not received as of the close of business as of the related Determination Date; provided that no Advance shall be made if it would be a Nonrecoverable Advance; and provided, further, that the Monthly Payment for purposes of this Section 4.04 shall mean the minimum monthly payment due under the Mortgage Note, net of the Servicing Fee and Subservicing Fee, (ii) withdraw from amounts on deposit in the Custodial Account and deposit in the Certificate Account all or a portion of the Amount Held for Future Distribution in discharge of any such Advance, or (iii) make advances in the form of any combination of (i) and (ii) aggregating the amount of such Advance. Any portion of the Amount Held for Future Distribution so used shall be replaced by the Master Servicer by deposit in the Certificate Account on or before 11:00 A.M. New York time on any future Certificate Account Deposit Date to the extent that funds attributable to the Mortgage Loans that are available in the Custodial Account for deposit in the Certificate Account on such Certificate Account Deposit Date shall be less than payments to Certificateholders required to be made on the following

Distribution Date. The Master Servicer shall be entitled to use any Advance made by a Subservicer as described in Section 3.07(b) that has been deposited in the Custodial Account on or before such Distribution Date as part of the Advance made by the Master Servicer pursuant to this Section 4.04. The amount of any reimbursement pursuant to Section 4.02(a) in respect of outstanding Advances on any Distribution Date shall be allocated to specific Monthly Payments due but delinquent for previous Due Periods, which allocation shall be made, to the extent practicable, to Monthly Payments which have been delinquent for the longest period of time. Such allocations shall be conclusive for purposes of reimbursement to the Master Servicer from recoveries on related Mortgage Loans pursuant to Section 3.10.

The determination by the Master Servicer that it has made a Nonrecoverable Advance or that any proposed Advance, if made, would constitute a Nonrecoverable Advance, shall be evidenced by an Officers' Certificate of the Master Servicer delivered to the Company and the Trustee.

If the Master Servicer determines as of the Business Day preceding any Certificate Account Deposit Date that it will be unable to deposit in the Certificate Account an amount equal to the Advance required to be made for the immediately succeeding Distribution Date, it shall give notice to the Trustee of its inability to advance (such notice may be given by telecopy), not later than 3:00 P.M., New York time, on such Business Day, specifying the portion of such amount that it will be unable to deposit. Not later than 3:00 P.M., New York time, on the Certificate Account Deposit Date the Trustee shall, unless by 12:00 Noon, New York time, on such day the Trustee shall have been notified in writing (by telecopy) that the Master Servicer shall have directly or indirectly deposited in the Certificate Account such portion of the amount of the Advance as to which the Master Servicer shall have given notice pursuant to the preceding sentence, pursuant to Section 7.01, (a) terminate all of the rights and obligations of the Master Servicer under this Agreement in accordance with Section 7.01 and (b) assume the rights and obligations of the Master Servicer hereunder, including the obligation to deposit in the Certificate Account an amount equal to the Advance for the immediately succeeding Distribution Date.

The Trustee shall deposit all funds it receives pursuant to this Section 4.04 into the Certificate Account.

Section 4.05. Allocation of Realized Losses.

(a) Prior to each Distribution Date, the Master Servicer shall determine the total amount of Realized Losses, if any, that resulted from any Cash Liquidation, Servicing Modifications, Debt Service Reduction, Deficient Valuation or REO Disposition that occurred during the related Prepayment Period or, in the case of a Servicing Modification that constitutes a reduction of the interest rate on a Mortgage Loan, the amount of the reduction in the interest portion of the Monthly Payment due in the month in which such Distribution Date occurs. The amount of each Realized Loss shall be evidenced by an Officers' Certificate. All Realized Losses on the Mortgage Loans shall be allocated as follows:

first, to the Excess Cash Flow as part of the Principal Distribution Amount as provided in Section 4.02(c), to the extent of the Excess Cash Flow for such Distribution Date,

second, in reduction of the Overcollateralization Amount, until such amount has been reduced to zero;

third, to the Class M-8 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

fourth, to the Class M-7 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

fifth, to the Class M-6 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

sixth, to the Class M-5 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

seventh, to the Class M-4 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

eighth, to the Class M-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

ninth, to the Class M-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

tenth, to the Class M-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero.

(b) Any allocation of the principal portion of Realized Losses (other than Debt Service Reductions) to the Class M Certificates on any Distribution Date shall be made by reducing the Certificate Principal Balance thereof by the amount so allocated, which allocation shall be deemed to have occurred on such Distribution Date, until the Certificate Principal Balance thereof has been reduced to zero; provided, that no such reduction shall reduce the aggregate Certificate Principal Balance of the Certificates below the aggregate Stated Principal Balance of the Mortgage Loans. Allocations of the interest portions of Realized Losses (other than any interest rate reduction resulting from a Servicing Modification) to any Class of Class M Certificates on any Distribution Date shall be made by operation of the definition of "Accrued Certificate Interest" for each Class for such Distribution Date. Allocations of the interest portion of a Realized Loss resulting from an interest rate reduction in connection with a Servicing Modification shall be made by operation of the priority of payment provisions of Section 4.02(c). All Realized Losses and all other losses allocated to a Class of Certificates hereunder will be allocated among the Certificates of such Class in proportion to the Percentage Interests evidenced thereby.

(c) Realized Losses shall be allocated among the REMIC I Regular Interests pursuant to the definition of REMIC I Realized Losses.

(d) Realized Losses allocated to the Excess Cash Flow or the Overcollateralization Amount pursuant to paragraphs (a), (b) or (c) of this Section, the definition

of Accrued Certificate Interest and the operation of Section 4.02(c) shall be deemed allocated to the Class SB Certificates. Realized Losses allocated to the Class SB Certificates shall, to the extent such Realized Losses represent Realized Losses on an interest portion, be allocated to REMIC II Regular Interest SB-IO. Realized Losses allocated to the Excess Cash Flow pursuant to paragraph (b) of this Section shall be deemed to reduce Accrued Certificate Interest on REMIC II Regular Interest SB-IO. Realized Losses allocated to the Overcollateralization Amount pursuant to paragraph (b) of this Section shall be deemed first to reduce the principal balance of REMIC II Regular Interest SB-PO until such principal balance shall have been reduced to zero and thereafter to reduce accrued and unpaid interest on REMIC II Regular Interest SB-IO.

Section 4.06. Reports of Foreclosures and Abandonment of Mortgaged Property. (See Section 4.06 of the Standard Terms.)

Section 4.07. Optional Purchase of Defaulted Mortgage Loans. (See Section 4.07 of the Standard Terms.)

Section 4.08. Surety Bond. (See Section 4.08 of the Standard Terms.)

Section 4.09. Basis Risk Shortfall Reserve Fund.

(a) On or before the Closing Date, the Trustee shall establish a Reserve Fund on behalf of the Holders of the Class A Certificates and Class M Certificates. The Reserve Fund must be an Eligible Account. The Reserve Fund shall be entitled "Basis Risk Shortfall Reserve Fund, Deutsche Bank Trust Company Americas, as Trustee for the benefit of holders of Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3" (the "Basis Risk Shortfall Reserve Fund"). The Basis Risk Shortfall Reserve Fund shall be an Eligible Account or a sub-account of an Eligible Account. On the Closing Date, the Depositor will cause, on behalf of the Trust, the Basis Risk Shortfall Reserve Fund Amount to be deposited into the Basis Risk Shortfall Reserve Fund. Pursuant to Section 4.02(j), on the initial Distribution Date, amounts on deposit in the Basis Risk Shortfall Reserve Fund will be withdrawn from the Basis Risk Shortfall Reserve Fund and deposited into the Certificate Account for payment to the Class A Certificates and Class M Certificates to the extent of any Basis Risk Shortfall Amount on the Class A Certificates and Class M Certificates on such initial Distribution Date. After the initial Distribution Date, all amounts remaining in the Basis Risk Shortfall Reserve Fund will be distributed to Goldman, Sachs & Co. or its designee, and following such withdrawal the Basis Risk Shortfall Reserve Fund will be closed.

(b) The Trustee will invest funds deposited in the Basis Risk Shortfall Reserve Fund as directed by the Depositor or its designee in writing in Permitted Investments with a maturity date (i) no later than the Business Day immediately preceding the date on which such funds are required to be withdrawn from such account pursuant to this Agreement, if a Person other than the Trustee or an Affiliate of the Trustee is the obligor for the Permitted Investment, or (ii) no later than the date on which such funds are required to be withdrawn from such account or sub account of a trust account pursuant to this Agreement, if the Trustee or an affiliate of the Trustee is the obligor for the Permitted Investment (or, if no written direction is received by the Trustee from the Depositor, then funds in such account shall remain uninvested). For federal income tax

purposes, the Depositor shall be the owner of the Basis Risk Shortfall Reserve Fund and shall report all items of income, deduction, gain or loss arising therefrom. At no time will the Basis Risk Shortfall Reserve Fund be an asset of any REMIC created hereunder. All income and gain realized from investment of funds deposited in the Basis Risk Shortfall Reserve Fund, which investment shall be made solely upon the written direction of the Depositor, shall be for the sole and exclusive benefit of the Depositor and shall be remitted by the Trustee to the Depositor within one Business Day from the closing of the Basis Risk Shortfall Reserve Fund. The Depositor shall deposit in the Basis Risk Shortfall Reserve Fund the amount of any net loss incurred in respect of any such Permitted Investment immediately upon realization of such loss.

ARTICLE V

THE CERTIFICATES

(See Article V of the Standard Terms)

ARTICLE VI

THE COMPANY AND THE MASTER SERVICER

(See Article VI of the Standard Terms.)

ARTICLE VII

DEFAULT

(See Article VII of the Standard Terms.)

ARTICLE VIII

CONCERNING THE TRUSTEE

(See Article VIII of the Standard Terms.)

ARTICLE IX

TERMINATION

(See Article IX of the Standard Terms)

ARTICLE X

REMIC PROVISIONS

Section 10.01. REMIC Administration. (See Section 10.01 of the Standard Terms.)

Section 10.02. Master Servicer; REMIC Administrator and Trustee Indemnification. (See Section 10.02 of the Standard Terms.)

Section 10.03. Designation of REMICs.

The REMIC Administrator will make an election to treat the segregated pool of assets described in the definition of REMIC I (as defined herein) (including the Mortgage Loans but excluding the Basis Risk Shortfall Reserve Fund), and subject to this Agreement, as a REMIC (REMIC I) for federal income tax purposes. The REMIC Administrator will make an election to treat the segregated pool of assets consisting of the REMIC I Regular Interests as a REMIC (REMIC II) for federal income tax purposes.

The REMIC I Regular Interests will be "regular interests" in REMIC I and the Class R-I Certificates will be the sole class of "residual interests" in REMIC I for purposes of the REMIC Provisions (as defined herein) under the federal income tax law.

The REMIC II Regular Interests will be the "regular interests" in REMIC II, ownership of which will be represented by the Class A-1 Certificates, Class A-2 Certificates, Class A-3 Certificates, Class M-1 Certificates, Class M-2 Certificates, Class M-3 Certificates, Class M-4 Certificates, Class M-5 Certificates, Class M-6 Certificates, Class M-7 Certificates, Class M-8 Certificates and Class SB Certificates, and the Class R-II Certificates will represent the sole class of "residual interests" in REMIC II for purposes of the REMIC Provisions (as defined herein) under federal income tax law.

Section 10.04. Distributions on the REMIC I Regular Interests. (See Section 4.02(c) of this Series Supplement.)

Section 10.05. Compliance with Withholding Requirements.

Notwithstanding any other provision of this Agreement, the Trustee or any Paying Agent, as applicable, shall comply with all federal withholding requirements respecting payments to Certificateholders, including interest or original issue discount payments or advances thereof that the Trustee or any Paying Agent, as applicable, reasonably believes are applicable under the Code. The consent of Certificateholders shall not be required for such withholding. In the event the Trustee or any Paying Agent, as applicable, does withhold any amount from interest or original issue discount payments or advances thereof to any Certificateholder pursuant to federal withholding requirements, the Trustee or any Paying Agent, as applicable, shall indicate the amount withheld to such Certificateholder pursuant to the terms of such requirements.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01. Amendment. (See Section 11.01 of the Standard Terms.)

Section 11.02. Recordation of Agreement; Counterparts. (See Section 11.02 of the Standard Terms.)

Section 11.03. Limitation on Rights of Certificateholders. (See Section 11.03 of the Standard Terms.)

Section 11.04. Governing Law. (See Section 11.04 of the Standard Terms.)

Section 11.05. Notices. All demands and notices hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail, postage prepaid (except for notices to the Trustee which shall be deemed to have been duly given only when received), to the appropriate address for each recipient listed in the table below or, in each case, such other address as may hereafter be furnished in writing to the Master Servicer, the Trustee and the Company, as applicable:

Recipient	Address
Company	8400 Normandale Lake Boulevard Suite 250 Minneapolis, Minnesota 55437 Attention: President
Master Servicer	2255 N. Ontario Street, Suite 400 Burbank, California 91504-2130 Attention: Managing Director/Master Servicing
Trustee	Corporate Trust Office 1761 East St. Andrew Place Santa Ana, California 92705-4934, Attention: Residential Accredit Loans, Inc. Series 2006-QO3 The Trustee designates its offices located at DB Services Tennessee, 648 Grassmere Park Road, Nashville, TN 37211-3658, Attn: Transfer Unit, for the purposes of Section 8.12 of the Standard Terms
Moody's Investors Service, Inc.	99 Church Street, 4th Floor New York, New York 10004
Standard & Poor's Ratings Services, a division of The	55 Water Street 41st Floor

McGraw-Hill Companies, Inc.	New York, New York 10041

Any notice required or permitted to be mailed to a Certificateholder shall be given by first class mail, postage prepaid, at the address of such holder as shown in the Certificate Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Certificateholder receives such notice.

Section 11.06. Required Notices to Rating Agency and Subservicer. (See Section 11.06 of the Standard Terms.)

Section 11.07. Severability of Provisions. (See Section 11.07 of the Standard Terms.)

Section 11.08. Supplemental Provisions for Resecuritization. (See Section 11.08 of the Standard Terms.)

Section 11.09. Allocation of Voting Rights.

98.0% of all of the Voting Rights shall be allocated among Holders of the Class A Certificates and Class M Certificates, in proportion to the outstanding Certificate Principal Balances of their respective Certificates; 1.0% of all Voting Rights shall be allocated among the Holders of Class SB Certificates; 0.50% of all Voting Rights shall be allocated among the Holders of the Class R-I Certificates, in accordance with their respective Percentage Interests; and 0.50% of all Voting Rights shall be allocated among the Holders of the Class R-II Certificates, in accordance with their respective Percentage Interests.

Section 11.10. No Petition.

The Depositor, Master Servicer and the Trustee, by entering into this Agreement, and each Certificateholder, by accepting a Certificate, hereby covenant and agree that they will not at any time institute against the Trust Fund, or join in any institution against the Trust Fund of, any bankruptcy proceedings under any United States federal or state bankruptcy or similar law in connection with any obligation with respect to the Certificates or this Agreement.

ARTICLE XII

COMPLIANCE WITH REGULATION AB

(See Article XII of the Standard Terms)

IN WITNESS WHEREOF, the Company, the Master Servicer and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed, all as of the day and year first above written.

RESIDENTIAL ACCREDIT LOANS, INC.

[Seal]

By: _____
Name: Heather Anderson
Title: Vice President

Attest: _____
Name: Tim Jacobson
Title: Vice President

RESIDENTIAL FUNDING CORPORATION

[Seal]

By: _____
Name: Tim Jacobson
Title: Associate

Attest: _____
Name: Heather Anderson
Title: Associate

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

[Seal]

By: _____
Name:
Title:

By: _____
Name:
Title:

Attest: _____
Name:
Title:

IN WITNESS WHEREOF, the Company, the Master Servicer and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed, all as of the day and year first above written.

RESIDENTIAL ACCREDIT LOANS, INC.

[Seal]

By:_____
Name: Heather Anderson
Title: Vice President

Attest: _____
Name: Tim Jacobson
Title: Vice President

RESIDENTIAL FUNDING CORPORATION

[Seal]

By:_____
Name: Tim Jacobson
Title: Associate

Attest: _____
Name: Heather Anderson
Title: Associate

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

[Seal]

By:_____
Name: Barbara Campbell
Title: Vice President

By:_____
Name:
Title: EIKO AKIYAMA
ASSOCIATE

Attest:_____
Name:
Title: Marion Hogan
Associate

STATE OF MINNESOTA)
) ss.:
COUNTY OF HENNEPIN)

On the 30th day of March, 2006 before me, a notary public in and for said State, personally appeared Heather Anderson, known to me to be a Vice President of Residential Accredit Loans, Inc., one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

AMY SUE OLSON
Notary Public
Minnesota
My Commission Expires Jan. 31, 2010

[Notarial Seal]

Notary Public

STATE OF MINNESOTA)
) ss.:
COUNTY OF HENNEPIN)

On the 30th day of March, 2006 before me, a notary public in and for said State, personally appeared Tim Jacobson, known to me to be an associate of Residential Funding Corporation, one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public

[Notarial Seal]

AMY SUE OLSON
Notary Public
Minnesota
My Commission Expires Jan. 31, 2010

STATE OF CALIFORNIA)
) ss.:
COUNTY OF ORANGE)

On the 30th day of March, 2006 before me, a notary public in and for said State, personally appeared Barbara Campbell, known to me to be a(n) Vice President of Deutsche Bank Trust Company Americas, the New York banking corporation that executed the within instrument, and also known to me to be the person who executed it on behalf of said banking corporation and acknowledged to me that such banking corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public

[Notarial Seal]

ALEXANDER PAEZ
Commission # 1540016
Notary Public - California
Orange County
My Comm. Expires Dec 31, 2008

STATE OF CALIFORNIA)
) ss.:
COUNTY OF ORANGE)

On the 30th day of March, 2006 before me, a notary public in and for said State, personally appeared Eiko Akiyama, known to me to be a(n) Associate of Deutsche Bank Trust Company Americas, the New York banking corporation that executed the within instrument, and also known to me to be the person who executed it on behalf of said banking corporation and acknowledged to me that such banking corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public

[Notarial Seal]

ALEXANDER PAEZ
Commission # 1540016
Notary Public - California
Orange County
My Comm. Expires Dec 31, 2008

EXHIBIT ONE

MORTGAGE LOAN SCHEDULE

Available upon request

EXHIBIT TWO

INFORMATION TO BE INCLUDED IN MONTHLY DISTRIBUTION DATE STATEMENT

(i) the applicable Record Date, Determination Date and Distribution Date, and the date on which the applicable interest accrual period commenced;

(ii) the aggregate amount of payments received with respect to the Mortgage Loans, including prepayment amounts;

(iii) the Servicing Fee and Subservicing Fee payable to the Master Servicer and the Subservicer;

(iv) the amount of any other fees or expenses paid, and the identity of the party receiving such fees or expenses;

(v) (a) the amount of such distribution to the Certificateholders of such Class applied to reduce the Certificate Principal Balance thereof, and (b) the aggregate amount included therein representing Principal Prepayments;

(vi) the amount of such distribution to Holders of such Class of Certificates allocable to interest;

(vii) if the distribution to the Holders of such Class of Certificates is less than the full amount that would be distributable to such Holders if there were sufficient funds available therefor, the amount of the shortfall;

(viii) the aggregate Certificate Principal Balance of each Class of Certificates, before and after giving effect to the amounts distributed on such Distribution Date, separately identifying any reduction thereof due to Realized Losses other than pursuant to an actual distribution of principal;

(ix) the aggregate Certificate Principal Balance of each of the Class A, Class M and Class SB Certificates as of the Closing Date.

(x) the weighted average remaining term to maturity of the Mortgage Loans after giving effect to the amounts distributed on such Distribution Date;

(xi) the weighted average Mortgage Rates of the Mortgage Loans after giving effect to the amounts distributed on such Distribution Date;

(xii) the number and Pool Stated Principal Balance of the Mortgage Loans after giving effect to the distribution of principal on such Distribution Date and the number of Mortgage Loans at the beginning and end of the related Due Period;

(xiii) on the basis of the most recent reports furnished to it by Sub-Servicers, the number and Stated Principal Balances of Mortgage Loans that are Delinquent (A) 30-59 days, (B) 60-89 days and (C) 90 or more days and the number and Stated Principal Balances of Mortgage Loans that are in foreclosure;

(xiv) the aggregate amount of Realized Losses for such Distribution Date;

(xv) the amount, terms and general purpose of any Advance by the Master Servicer pursuant to Section 4.04 and the amount of all Advances that have been reimbursed during the related Due Period;

(xvi) any material modifications, extensions or waivers to the terms of the Mortgage Loans during the Due Period or that have cumulatively become material over time;

(xvii) any material breaches of Mortgage Loan representations or warranties or covenants in the Agreement.

(xviii) the number, stated and aggregate principal balance of any REO Properties;

(xix) the aggregate Accrued Certificate Interest remaining unpaid, if any, for each Class of Certificates, after giving effect to the distribution made on such Distribution Date;

(xx) the Pass-Through Rates on each Class of Certificates and the Net WAC Cap Rate for such Distribution Date, separately identifying LIBOR for such Distribution Date;

(xxi) the Basis Risk Shortfall and Prepayment Interest Shortfalls;

(xxii) the related Senior Enhancement Percentage for such Distribution Date;

(xxiii) the Overcollateralization Amount and Required Overcollateralization Amount following such Distribution Date;

(xxiv) the occurrence of the Stepdown Date, and the aggregate amount of Realized Losses since the Cut-off Date for the Mortgage Loans;

(xxv) the occurrence of the Credit Support Depletion Date;

(xxvi) the aggregate amount of any recoveries on previously foreclosed loans from Sellers;

(xxvii) the aggregate amount of Net Deferred Interest for such Distribution Date;

(xxviii) the amount of any payment made from the Basis Risk Shortfall Reserve Fund on the initial Distribution Date and the balance of the Basis Risk Shortfall Reserve Fund after giving effect to such amounts.

In the case of information furnished pursuant to clauses (v)(a) and (vi) above, the amounts shall be expressed as a dollar amount per Certificate with a $1,000 denomination.

The Trustee's internet website will initially be located at www.tss.db.com/invr. To receive this statement via first class mail, telephone the trustee at (800) 735-7777.

EXHIBIT THREE

STANDARD TERMS OF POOLING AND SERVICING AGREEMENT DATED AS OF MARCH 1, 2006

STANDARD TERMS OF POOLING AND SERVICING AGREEMENT

Dated as of March 1, 2006

Residential Accredit Loans, Inc.
Mortgage Asset-Backed Pass-Through Certificates

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS 2
Section 1.01. Definitions 2
Section 1.02. Use of Words and Phrases 34
ARTICLE II CONVEYANCE OF MORTGAGE LOANS; ORIGINAL ISSUANCE OF CERTIFICATES 35
Section 2.01. Conveyance of Mortgage Loans 35
Section 2.02. Acceptance by Trustee 41
Section 2.03. Representations, Warranties and Covenants of the Master Servicer and the Company 42
Section 2.04. Representations and Warranties of Residential Funding 44
Section 2.05. Execution and Authentication of Certificates/Issuance of Certificates Evidencing Interests in REMIC I Certificates. 46
Section 2.06. Conveyance of Uncertificated REMIC I and REMIC II Regular Interests; Acceptance by the Trustee. 46
Section 2.07. Issuance of Certificates Evidencing Interests in REMIC II. 46
Section 2.08. Purposes and Powers of the Trust. 46
ARTICLE III ADMINISTRATION AND SERVICING OF MORTGAGE LOANS 46
Section 3.01. Master Servicer to Act as Servicer 46
Section 3.02. Subservicing Agreements Between Master Servicer and Subservicers; Enforcement of Subservicers' and Sellers' Obligations 48
Section 3.03. Successor Subservicers 49
Section 3.04. Liability of the Master Servicer 49
Section 3.05. No Contractual Relationship Between Subservicer and Trustee or Certificateholders 50
Section 3.06. Assumption or Termination of Subservicing Agreements by Trustee 50
Section 3.07. Collection of Certain Mortgage Loan Payments; Deposits to Custodial Account 50
Section 3.08. Subservicing Accounts; Servicing Accounts 53
Section 3.09. Access to Certain Documentation and Information Regarding the Mortgage Loans 55

TABLE OF CONTENTS
(continued)

Page

Section 3.10. Permitted Withdrawals from the Custodial Account. 55
Section 3.11. Maintenance of the Primary Insurance Policies; Collections Thereunder 57
Section 3.12. Maintenance of Fire Insurance and Omissions and Fidelity Coverage 58
Section 3.13. Enforcement of Due-on-Sale Clauses; Assumption and Modification Agreements; Certain Assignments 59
Section 3.14. Realization Upon Defaulted Mortgage Loans 61
Section 3.15. Trustee to Cooperate; Release of Mortgage Files 65
Section 3.16. Servicing and Other Compensation; Compensating Interest. 66
Section 3.17. Reports to the Trustee and the Company 67
Section 3.18. Annual Statement as to Compliance and Servicing Assessment 67
Section 3.19. Annual Independent Public Accountants' Servicing Report 68
Section 3.20. Rights of the Company in Respect of the Master Servicer 68
Section 3.21. Administration of Buydown Funds 68
Section 3.22. Advance Facility 69
ARTICLE IV PAYMENTS TO CERTIFICATEHOLDERS 73
Section 4.01. Certificate Account 73
Section 4.02. Distributions. As provided in Section 4.02 of the Series Supplement 74
Section 4.03. Statements to Certificateholders; Statements to Rating Agencies; Exchange Act Reporting. 74
Section 4.04. Distribution of Reports to the Trustee and the Company; Advances by the Master Servicer 76
Section 4.05. Allocation of Realized Losses. 78
Section 4.06. Reports of Foreclosures and Abandonment of Mortgaged Property 78
Section 4.07. Optional Purchase of Defaulted Mortgage Loans 78
Section 4.08. Surety Bond 79
ARTICLE V THE CERTIFICATES 79
Section 5.01. The Certificates 79
Section 5.02. Registration of Transfer and Exchange of Certificates 81

TABLE OF CONTENTS
(continued)

Page

Section 5.03. Mutilated, Destroyed, Lost or Stolen Certificates 87
Section 5.04. Persons Deemed Owners 88
Section 5.05. Appointment of Paying Agent 88
Section 5.06. U.S.A. Patriot Act Compliance 88
ARTICLE VI THE COMPANY AND THE MASTER SERVICER 89
Section 6.01. Respective Liabilities of the Company and the Master Servicer 89
Section 6.02. Merger or Consolidation of the Company or the Master Servicer; Assignment of Rights and Delegation of Duties by Master Servicer 89
Section 6.03. Limitation on Liability of the Company, the Master Servicer and Others 90
Section 6.04. Company and Master Servicer Not to Resign 91
ARTICLE VII DEFAULT 92
Section 7.01. Events of Default 92
Section 7.02. Trustee or Company to Act; Appointment of Successor 94
Section 7.03. Notification to Certificateholders. 95
Section 7.04. Waiver of Events of Default. 95
ARTICLE VIII CONCERNING THE TRUSTEE 96
Section 8.01. Duties of Trustee. 96
Section 8.02. Certain Matters Affecting the Trustee 97
Section 8.03. Trustee Not Liable for Certificates or Mortgage Loans 99
Section 8.04. Trustee May Own Certificates 99
Section 8.05. Master Servicer to Pay Trustee's Fees and Expenses; Indemnification 99
Section 8.06. Eligibility Requirements for Trustee 100
Section 8.07. Resignation and Removal of the Trustee. 101
Section 8.08. Successor Trustee 102
Section 8.09. Merger or Consolidation of Trustee 102
Section 8.10. Appointment of Co-Trustee or Separate Trustee 102
Section 8.11. Appointment of Custodians 103

TABLE OF CONTENTS
(continued)

Page

Section 8.12. Appointment of Office or Agency 104

ARTICLE IX TERMINATION OR OPTIONAL PURCHASE OF ALL CERTIFICATES 105

Section 9.01. Optional Purchase by the Master Servicer of All Certificates; Termination Upon Purchase by the Master Servicer or Liquidation of All Mortgage Loans 105

Section 9.02. Additional Termination Requirements 108

Section 9.03. Termination of Multiple REMICs 109

ARTICLE X REMIC PROVISIONS 110

Section 10.01. REMIC Administration 110

Section 10.02. Master Servicer, REMIC Administrator and Trustee Indemnification 113

Section 10.03. Designation of REMIC(s). As provided in Section 10.03 of the Series Supplement 114

Section 10.04. Distributions on the Uncertificated REMIC I and REMIC II Regular Interests. As provided in Section 10.04 of the Series Supplement 114

Section 10.05. Compliance with Withholding Requirements. As provided in Section 10.05 of the Series Supplement 114

ARTICLE XI MISCELLANEOUS PROVISIONS 115

Section 11.01. Amendment 115

Section 11.02. Recordation of Agreement; Counterparts 117

Section 11.03. Limitation on Rights of Certificateholders 118

Section 11.04. Governing Law 118

Section 11.05. Notices. As provided in Section 11.05 of the Series Supplement 119

Section 11.06. Required Notices to Rating Agency and Subservicer 119

Section 11.07. Severability of Provisions 120

Section 11.08. Supplemental Provisions for Resecuritization 120

Section 11.09. Allocation of Voting Rights. 120

Section 11.10. No Petition. 120

ARTICLE XII COMPLIANCE WITH REGULATION AB 121

Section 12.01. Intent of the Parties; Reasonableness 121

TABLE OF CONTENTS
(continued)

Page

Section 12.02. Additional Representations and Warranties of the Trustee 121
Section 12.03. Information to Be Provided by the Trustee..... 122
Section 12.04. Report on Assessment of Compliance and Attestation..... 122
Section 12.05. Indemnification; Remedies..... 123

EXHIBITS

Exhibit A:	Form of Class A Certificate
Exhibit A-I:	Form of Class X Certificate
Exhibit B:	Form of Class M Certificate
Exhibit C:	Form of Class B Certificate
Exhibit C-I:	Form of Class P Certificate
Exhibit D:	Form of Class R Certificate
Exhibit E:	Form of Seller/Servicer Contract
Exhibit F:	Forms of Request for Release
Exhibit G-1:	Form of Transfer Affidavit and Agreement
Exhibit G-2:	Form of Transferor Certificate
Exhibit H:	Form of Investor Representation Letter
Exhibit I:	Form of Transferor Representation Letter
Exhibit J:	Form of Rule 144A Investment Representation Letter
Exhibit K:	Text of Amendment to Pooling and Servicing Agreement Pursuant to Section 11.01(e) for a Limited Guaranty
Exhibit L:	Form of Limited Guaranty
Exhibit M:	Form of Lender Certification for Assignment of Mortgage Loan
Exhibit N:	Request for Exchange Form
Exhibit O:	Form of Form 10-K Certification
Exhibit P:	Form of Back-Up Certification to Form 10-K Certificate
Exhibit Q:	Information to be Provided by the Master Servicer to the Rating Agencies Relating to Reportable Modified Mortgage Loans
Exhibit R:	Servicing Criteria

This is the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (the "Standard Terms", and as incorporated by reference into a Series Supplement dated as of the Cut-off Date, the "Pooling and Servicing Agreement" or "Agreement"), among RESIDENTIAL ACCREDIT LOANS, INC., as the company (together with its permitted successors and assigns, the "Company"), RESIDENTIAL FUNDING CORPORATION, as master servicer (together with its permitted successors and assigns, the "Master Servicer"), and the trustee named in the applicable Series Supplement (together with its permitted successors and assigns, the "Trustee").

PRELIMINARY STATEMENT:

The Company intends to sell certain mortgage asset-backed pass-through certificates (collectively, the "Certificates"), to be issued under the Agreement in multiple classes, which in the aggregate will evidence the entire beneficial ownership interest in the Mortgage Loans.

In consideration of the mutual agreements herein contained, the Company, the Master Servicer and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

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

Accretion Termination Date: As defined in the Series Supplement.

Accrual Certificates: As defined in the Series Supplement.

Accrued Certificate Interest: With respect to each Distribution Date, as to any Class or Subclass of Certificates (other than any Principal Only Certificates), interest accrued during the related Interest Accrual Period at the related Pass-Through Rate on the Certificate Principal Balance or Notional Amount thereof immediately prior to such Distribution Date. Accrued Certificate Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. In each case Accrued Certificate Interest on any Class or Subclass of Certificates will be reduced by the amount of:

(i) Prepayment Interest Shortfalls on all Mortgage Loans or, if the Mortgage Pool is comprised of two or more Loan Groups, on the Mortgage Loans in the related Loan Group (to the extent not offset by the Master Servicer with a payment of Compensating Interest as provided in Section 4.01),

(ii) the interest portion (adjusted to the Net Mortgage Rate (or the Modified Net Mortgage Rate in the case of a Modified Mortgage Loan)) of Realized Losses on all Mortgage Loans or, if the Mortgage Pool is comprised of two or more Loan Groups, on the Mortgage Loans in the related Loan Group (including Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses) not allocated solely to one or more specific Classes of Certificates pursuant to Section 4.05,

(iii) the interest portion of Advances that were (A) previously made with respect to a Mortgage Loan or REO Property on all Mortgage Loans or, if the Mortgage Pool is comprised of two or more Loan Groups, on the Mortgage Loans in the related Loan Group, which remained unreimbursed following the Cash Liquidation or REO Disposition of such Mortgage Loan or REO Property and (B) made with respect to delinquencies that were ultimately determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, and

(iv) any other interest shortfalls not covered by the subordination provided by the Class M Certificates and Class B Certificates, including interest that is not collectible from the Mortgagor pursuant to the Servicemembers Civil Relief Act of 1940, as amended, or similar legislation or regulations as in effect from time to time,

with all such reductions allocated (A) among all of the Certificates in proportion to their respective amounts of Accrued Certificate Interest payable on such Distribution Date absent such reductions or (B) if the Mortgage Pool is comprised of two or more Loan Groups, the related Senior Percentage of such reductions among the related Senior Certificates in proportion to the amounts of Accrued Certificate Interest payable from the related Loan Group on such Distribution Date absent such reductions, with the remainder of such reductions allocated among the holders of the Class M Certificates and Class B Certificates in proportion to their respective amounts of Accrued Certificate Interest payable on such Distribution Date absent such reductions. In addition to that portion of the reductions described in the preceding sentence that are allocated to any Class of Class B Certificates or any Class of Class M Certificates, Accrued Certificate Interest on such Class of Class B Certificates or such Class of Class M Certificates will be reduced by the interest portion (adjusted to the Net Mortgage Rate) of Realized Losses that are allocated solely to such Class of Class B Certificates or such Class of Class M Certificates pursuant to Section 4.05.

Addendum and Assignment Agreement: The Addendum and Assignment Agreement, dated as of January 31, 1995, between MLCC and the Master Servicer.

Additional Collateral: Any of the following held, in addition to the related Mortgaged Property, as security for a Mortgage Loan: (i) all money, securities, security entitlements, accounts, general intangibles, payment rights, instruments, documents, deposit accounts, certificates of deposit, commodities contracts and other investment property and other property of whatever kind or description now existing or hereafter acquired which is pledged as security for the repayment of such Mortgage Loan, (ii) third-party guarantees, and (A) all money, securities, security entitlements, accounts, general intangibles, payment rights, instruments, documents, deposit accounts, certificates of deposit, commodities contracts and other investment property and other property of whatever kind or description now existing or hereafter acquired which is pledged as collateral for such guarantee or (B) any mortgaged property securing the performance of such guarantee, or (iii) such other collateral as may be set forth in the Series Supplement.

Additional Collateral Loan: Each Mortgage Loan that is supported by Additional Collateral.

Adjusted Mortgage Rate: With respect to any Mortgage Loan and any date of determination, the Mortgage Rate borne by the related Mortgage Note, less the rate at which the related Subservicing Fee accrues.

Advance: As to any Mortgage Loan, any advance made by the Master Servicer, pursuant to Section 4.04.

Advance Facility: As defined in Section 3.22.

Advance Facility Notice: As defined in Section 3.22.

Advance Facility Trustee: As defined in Section 3.22.

Advancing Person: As defined in Section 3.22.

Advance Reimbursement Amounts: As defined in Section 3.22.

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

Ambac: Ambac Assurance Corporation (formerly known as AMBAC Indemnity Corporation).

Amount Held for Future Distribution: As to any Distribution Date and, with respect to any Mortgage Pool that is comprised of two or more Loan Groups, each Loan Group, the total of the amounts held in the Custodial Account at the close of business on the preceding Determination Date on account of (i) Liquidation Proceeds, Subsequent Recoveries, Insurance Proceeds, Curtailments, Mortgage Loan purchases made pursuant to Section 2.02, 2.03, 2.04 or 4.07 and Mortgage Loan substitutions made pursuant to Section 2.03 or 2.04 received or made in the month of such Distribution Date (other than such Liquidation Proceeds, Insurance Proceeds and purchases of Mortgage Loans that the Master Servicer has deemed to have been received in the preceding month in accordance with Section 3.07(b)), and Principal Prepayments in Full made after the related Prepayment Period, and (ii) payments which represent early receipt of scheduled payments of principal and interest due on a date or dates subsequent to the related Due Date.

Appraised Value: As to any Mortgaged Property, the lesser of (i) the appraised value of such Mortgaged Property based upon the appraisal made at the time of the origination of the related Mortgage Loan, and (ii) the sales price of the Mortgaged Property at such time of origination, except in the case of a Mortgaged Property securing a refinanced or modified Mortgage Loan as to which it is either the appraised value determined above or the appraised value determined in an appraisal at the time of refinancing or modification, as the case may be.

Assigned Contracts: With respect to any Pledged Asset Loan: the Credit Support Pledge Agreement; the Funding and Pledge Agreement, among GMAC Mortgage Corporation, National Financial Services Corporation and the Mortgagor or other person pledging the related Pledged Assets; the Additional Collateral Agreement, between GMAC Mortgage Corporation and the Mortgagor or other person pledging the related Pledged Assets; or such other contracts as may be set forth in the Series Supplement.

Assignment: An assignment of the Mortgage, notice of transfer or equivalent instrument, in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect of record the sale of the Mortgage Loan to the Trustee for the benefit of Certificateholders, which assignment, notice of transfer or equivalent instrument may be in the form of one or more blanket assignments covering Mortgages secured by Mortgaged Properties located in the same county, if permitted by law and accompanied by an Opinion of Counsel to that effect.

Assignment Agreement: The Assignment and Assumption Agreement, dated the Closing Date, between Residential Funding and the Company relating to the transfer and assignment of the Mortgage Loans.

Assignment of Proprietary Lease: With respect to a Cooperative Loan, the assignment of the related Cooperative Lease from the Mortgagor to the originator of the Cooperative Loan.

Available Distribution Amount: As to any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Loan Group, an amount equal to (a) the sum of (i) the amount relating to the Mortgage Loans on deposit in the Custodial Account as of the close of business on the immediately preceding Determination Date, including any Subsequent Recoveries, and amounts deposited in the Custodial Account in connection with the substitution of Qualified Substitute Mortgage Loans, (ii) the amount of any Advance made on the immediately preceding Certificate Account Deposit Date, (iii) any amount deposited in the Certificate Account on the related Certificate Account Deposit Date pursuant to the second paragraph of Section 3.12(a), (iv) any amount deposited in the Certificate Account pursuant to Section 4.07 or Section 9.01, (v) any amount that the Master Servicer is not permitted to withdraw from the Custodial Account or the Certificate Account pursuant to Section 3.16(e), (vi) any amount received by the Trustee pursuant to the Surety Bond in respect of such Distribution Date and (vii) the proceeds of any Pledged Assets received by the Master Servicer, reduced by (b) the sum as of the close of business on the immediately preceding Determination Date of (w) aggregate Foreclosure Profits, (x) the Amount Held for Future Distribution, and (y) amounts permitted to be withdrawn by the Master Servicer from the Custodial Account in respect of the Mortgage Loans pursuant to clauses (ii)-(x), inclusive, of Section 3.10(a). Such amount shall be determined separately for each Loan Group. Additionally, with respect to any Mortgage Pool that is comprised of two or more Loan Groups, if on any Distribution Date Compensating Interest provided pursuant to this Section 3.16(e) is less than Prepayment Interest Shortfalls incurred on the Mortgage Loans in connection with Principal Prepayments in Full and Curtailments made in the prior calendar month, such Compensating Interest shall be allocated on such Distribution Date to the Available Distribution Amount for each Loan Group on a pro rata basis in accordance with the respective amounts of such Prepayment Interest Shortfalls incurred on the Mortgage Loans in such Loan Group in respect of such Distribution Date.

Bankruptcy Code: The Bankruptcy Code of 1978, as amended.

Bankruptcy Loss: With respect to any Mortgage Loan, a Deficient Valuation or Debt Service Reduction; provided, however, that neither a Deficient Valuation nor a Debt Service Reduction shall be deemed a Bankruptcy Loss hereunder so long as the Master Servicer has notified the Trustee in writing that the Master Servicer is diligently pursuing any remedies that may exist in connection with the representations and warranties made regarding the related Mortgage Loan and either (A) the related Mortgage Loan is not in default with regard to payments due thereunder or (B) delinquent payments of principal and interest under the related Mortgage Loan and any premiums on any applicable primary hazard insurance policy and any related escrow payments in respect of such Mortgage Loan are being advanced on a current basis by the Master Servicer or a Subservicer, in either case without giving effect to any Debt Service Reduction.

Book-Entry Certificate: Any Certificate registered in the name of the Depository or its nominee, and designated as such in the Preliminary Statement to the Series Supplement.

Business Day: Any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the State of New York, the State of Michigan, the State of California, the State of Illinois or the State of Minnesota (and such other state or states in which the Custodial Account or the Certificate Account are at the time located) are required or authorized by law or executive order to be closed.

Buydown Funds: Any amount contributed by the seller of a Mortgaged Property, the Company or other source in order to enable the Mortgagor to reduce the payments required to be made from the Mortgagor's funds in the early years of a Mortgage Loan. Buydown Funds are not part of the Trust Fund prior to deposit into the Custodial or Certificate Account.

Buydown Mortgage Loan: Any Mortgage Loan as to which a specified amount of interest is paid out of related Buydown Funds in accordance with a related buydown agreement.

Calendar Quarter: A Calendar Quarter shall consist of one of the following time periods in any given year: January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31.

Capitalization Reimbursement Amount: With respect to any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Loan Group, the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of all Mortgage Loans or, if the Mortgage Pool is comprised of two or more Loan Groups, on the Mortgage Loans in the related Loan Group, during the prior calendar month and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date pursuant to Section 3.10(a)(vii), plus the Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior Distribution Date and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date.

Capitalization Reimbursement Shortfall Amount: With respect to any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Loan Group, the amount, if any, by which the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of all Mortgage Loans (or, if the Mortgage Pool is comprised of two or more Loan Groups, on the Mortgage Loans in the related Loan Group) during the preceding calendar month exceeds the amount of principal payments on the Mortgage Loans included in the Available Distribution Amount (or, if the Mortgage Pool is comprised of two or more Loan Groups, Available Distribution Amount for the related Loan Group) for that Distribution Date.

Cash Liquidation: As to any defaulted Mortgage Loan other than a Mortgage Loan as to which an REO Acquisition occurred, a determination by the Master Servicer that it has received all Insurance Proceeds, Liquidation Proceeds and other payments or cash recoveries which the Master Servicer reasonably and in good faith expects to be finally recoverable with respect to such Mortgage Loan.

Certificate Account Deposit Date: As to any Distribution Date, the Business Day prior thereto.

Certificateholder or Holder: The Person in whose name a Certificate is registered in the Certificate Register, and, in respect of any Insured Certificates, the Certificate Insurer to the extent of Cumulative Insurance Payments, except that neither a Disqualified Organization nor a Non-United States Person shall be a holder of a Class R Certificate for purposes hereof and, solely for the purpose of giving any consent or direction pursuant to this Agreement, any Certificate, other than a Class R Certificate, registered in the name of the Company, the Master Servicer or any Subservicer or any Affiliate thereof shall be deemed not to be outstanding and the Percentage Interest or Voting Rights evidenced thereby shall not be taken into account in determining whether the requisite amount of Percentage Interests or Voting Rights necessary to effect any such consent or direction has been obtained. All references herein to "Holders" or "Certificateholders" shall reflect the rights of Certificate Owners as they may indirectly exercise such rights through the Depository and participating members thereof, except as otherwise specified herein; provided, however, that the Trustee shall be required to recognize as a "Holder" or "Certificateholder" only the Person in whose name a Certificate is registered in the Certificate Register.

Certificate Insurer: As defined in the Series Supplement.

Certificate Owner: With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Certificate, as reflected on the books of an indirect participating brokerage firm for which a Depository Participant acts as agent, if any, and otherwise on the books of a Depository Participant, if any, and otherwise on the books of the Depository.

Certificate Principal Balance: With respect to each Certificate (other than any Interest Only Certificate), on any date of determination, an amount equal to:

(i) the Initial Certificate Principal Balance of such Certificate as specified on the face thereof, plus

(ii) any Subsequent Recoveries added to the Certificate Principal Balance of such Certificate pursuant to Section 4.02, plus

(iii) in the case of each Accrual Certificate, an amount equal to the aggregate Accrued Certificate Interest added to the Certificate Principal Balance thereof prior to such date of determination, minus

(iv) the sum of (x) the aggregate of all amounts previously distributed with respect to such Certificate (or any predecessor Certificate) and applied to reduce the Certificate Principal Balance thereof pursuant to Section 4.02(a) and (y) the aggregate of all reductions in Certificate Principal Balance deemed to have occurred in connection with Realized Losses which were previously allocated to such Certificate (or any predecessor Certificate) pursuant to Section 4.05;

provided, that the Certificate Principal Balance of each Certificate of the Class of Subordinate Certificates with the Lowest Priority at any given time shall be further reduced by an amount

equal to the Percentage Interest represented by such Certificate multiplied by the excess, if any, of (A) the then aggregate Certificate Principal Balance of all Classes of Certificates then outstanding over (B) the then aggregate Stated Principal Balance of the Mortgage Loans.

Certificate Register and Certificate Registrar: The register maintained and the registrar appointed pursuant to Section 5.02.

Class: Collectively, all of the Certificates bearing the same designation. The initial Class A-V Certificates and any Subclass thereof issued pursuant to Section 5.01(c) shall be a single Class for purposes of this Agreement.

Class A-P Certificate: Any one of the Certificates designated as a Class A-P Certificate.

Class A-P Collection Shortfall: With respect to the Cash Liquidation or REO Disposition of a Discount Mortgage Loan, any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Loan Group, the excess of the amount described in clause (C)(1) of the definition of Class A-P Principal Distribution Amount (for the related Loan Group, if applicable) over the amount described in clause (C)(2) of such definition.

Class A-P Principal Distribution Amount: With respect to any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Loan Group, an amount equal to the aggregate of:

(A) the related Discount Fraction of the principal portion of each Monthly Payment on each Discount Mortgage Loan (or, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Discount Mortgage Loan in the related Loan Group) due during the related Due Period, whether or not received on or prior to the related Determination Date, minus the Discount Fraction of the principal portion of any related Debt Service Reduction which together with other Bankruptcy Losses exceeds the Bankruptcy Amount;

(B) the related Discount Fraction of the principal portion of all unscheduled collections on each Discount Mortgage Loan (or, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Discount Mortgage Loan in the related Loan Group) received during the preceding calendar month or, in the case of Principal Prepayments in Full, during the related Prepayment Period (other than amounts received in connection with a Cash Liquidation or REO Disposition of a Discount Mortgage Loan described in clause (C) below), including Principal Prepayments in Full, Curtailments, Subsequent Recoveries and repurchases (including deemed repurchases under Section 3.07(b)) of such Discount Mortgage Loans (or, in the case of a substitution of a Deleted Mortgage Loan, the Discount Fraction of the amount of any shortfall deposited in the Custodial Account in connection with such substitution);

(C) in connection with the Cash Liquidation or REO Disposition of a Discount Mortgage Loan (or, with respect to any Mortgage Pool comprised of two or more Loan Groups, each Discount Mortgage Loan in the related Loan Group) that occurred during the preceding calendar month (or was deemed to have occurred during such period in accordance with Section 3.07(b)) that did not result in any Excess Special Hazard Losses,

Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of (1) the applicable Discount Fraction of the Stated Principal Balance of such Discount Mortgage Loan immediately prior to such Distribution Date and (2) the aggregate amount of the collections on such Mortgage Loan to the extent applied as recoveries of principal;

(D) any amounts allocable to principal for any previous Distribution Date (calculated pursuant to clauses (A) through (C) above) that remain undistributed; and

(E) the amount of any Class A-P Collection Shortfalls for such Distribution Date and the related Loan Group, if applicable, and the amount of any Class A-P Collection Shortfalls (for the related Loan Group, if applicable) remaining unpaid for all previous Distribution Dates, but only to the extent of the Eligible Funds for such Distribution Date; minus

(F) the related Discount Fraction of the portion of the Capitalization Reimbursement Amount (for the related Loan Group, if applicable) for such Distribution Date, if any, related to each Discount Mortgage Loan (in the related Loan Group, if applicable).

Notwithstanding the foregoing, with respect to any Distribution Date on and after the Credit Support Depletion Date, the Class A-P Principal Distribution Amount (for a Loan Group, if applicable) shall equal the excess of (i) the sum of (a) the related Discount Fraction of the principal portion of each Monthly Payment on each Discount Mortgage Loan (in the related Loan Group, if applicable) received or advanced prior to the related Determination Date and not previously distributed minus the Discount Fraction of the principal portion of any related Debt Service Reduction which together with other Bankruptcy Losses exceeds the Bankruptcy Amount and (b) the related Discount Fraction of the aggregate amount of unscheduled collections described in clauses (B) and (C) above over (ii) the amount calculated pursuant to clause (F) above.

Class A-V Certificate: Any one of the Certificates designated as a Class A-V Certificate, including any Subclass thereof.

Class B Certificate: Any one of the Certificates designated as a Class B-1 Certificate, Class B-2 Certificate or Class B-3 Certificate.

Class M Certificate: Any one of the Certificates designated as a Class M-1 Certificate, Class M-2 Certificate or Class M-3 Certificate.

Closing Date: As defined in the Series Supplement.

Code: The Internal Revenue Code of 1986, as amended.

Combined Collateral LLC: Combined Collateral LLC, a Delaware limited liability company.

Commission: The Securities and Exchange Commission.

Compensating Interest: With respect to any Distribution Date, an amount equal to Prepayment Interest Shortfalls resulting from Principal Prepayments in Full during the related Prepayment Period and Curtailments during the prior calendar month and included in the Available Distribution Amount for such Distribution Date, but not more than the lesser of (a) one-twelfth of 0.125% of the Stated Principal Balance of the Mortgage Loans immediately preceding such Distribution Date and (b) the sum of the Servicing Fee and all income and gain on amounts held in the Custodial Account and the Certificate Account and payable to the Certificateholders with respect to such Distribution Date; provided that for purposes of this definition the amount of the Servicing Fee will not be reduced pursuant to Section 7.02(a) except as may be required pursuant to the last sentence of such Section.

Compliance With Laws Representation: The following representation and warranty (or any representation and warranty that is substantially similar) made by Residential Funding in Section 4 of Assignment Agreement: "Each Mortgage Loan at the time it was made complied in all material respects with applicable local, state, and federal laws, including, but not limited to, all applicable anti-predatory lending laws".

Cooperative: A private, cooperative housing corporation which owns or leases land and all or part of a building or buildings, including apartments, spaces used for commercial purposes and common areas therein and whose board of directors authorizes, among other things, the sale of Cooperative Stock.

Cooperative Apartment: A dwelling unit in a multi-dwelling building owned or leased by a Cooperative, which unit the Mortgagor has an exclusive right to occupy pursuant to the terms of a proprietary lease or occupancy agreement.

Cooperative Lease: With respect to a Cooperative Loan, the proprietary lease or occupancy agreement with respect to the Cooperative Apartment occupied by the Mortgagor and relating to the related Cooperative Stock, which lease or agreement confers an exclusive right to the holder of such Cooperative Stock to occupy such apartment.

Cooperative Loans: Any of the Mortgage Loans made in respect of a Cooperative Apartment, evidenced by a Mortgage Note and secured by (i) a Security Agreement, (ii) the related Cooperative Stock Certificate, (iii) an assignment of the Cooperative Lease, (iv) financing statements and (v) a stock power (or other similar instrument), and ancillary thereto, a recognition agreement between the Cooperative and the originator of the Cooperative Loan, each of which was transferred and assigned to the Trustee pursuant to Section 2.01 and are from time to time held as part of the Trust Fund.

Cooperative Stock: With respect to a Cooperative Loan, the single outstanding class of stock, partnership interest or other ownership instrument in the related Cooperative.

Cooperative Stock Certificate: With respect to a Cooperative Loan, the stock certificate or other instrument evidencing the related Cooperative Stock.

Credit Repository: Equifax, Transunion and Experian, or their successors in interest.

Credit Support Depletion Date: The first Distribution Date on which the Certificate Principal Balances of the Subordinate Certificates have been reduced to zero.

Credit Support Pledge Agreement: The Credit Support Pledge Agreement, dated as of November 24, 1998, among the Master Servicer, GMAC Mortgage Corporation, Combined Collateral LLC and The First National Bank of Chicago (now known as Bank One, National Association), as custodian.

Cumulative Insurance Payments: As defined in the Series Supplement.

Curtailment: Any Principal Prepayment made by a Mortgagor which is not a Principal Prepayment in Full.

Custodial Account: The custodial account or accounts created and maintained pursuant to Section 3.07 in the name of a depository institution, as custodian for the holders of the Certificates, for the holders of certain other interests in mortgage loans serviced or sold by the Master Servicer and for the Master Servicer, into which the amounts set forth in Section 3.07 shall be deposited directly. Any such account or accounts shall be an Eligible Account.

Custodial Agreement: An agreement that may be entered into among the Company, the Master Servicer, the Trustee and a Custodian pursuant to which the Custodian will hold certain documents relating to the Mortgage Loans on behalf of the Trustee.

Custodian: A custodian appointed pursuant to a Custodial Agreement.

Cut-off Date Principal Balance: As to any Mortgage Loan, the unpaid principal balance thereof at the Cut-off Date after giving effect to all installments of principal due on or prior thereto (or due during the month of the Cut-off Date), whether or not received.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction in the scheduled Monthly Payment for such Mortgage Loan by a court of competent jurisdiction in a proceeding under the Bankruptcy Code, except such a reduction constituting a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

Deficient Valuation: With respect to any Mortgage Loan, a valuation by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then outstanding indebtedness under the Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any scheduled Monthly Payment that constitutes a permanent forgiveness of principal, which valuation or reduction results from a proceeding under the Bankruptcy Code.

Definitive Certificate: Any Certificate other than a Book-Entry Certificate.

Deleted Mortgage Loan: A Mortgage Loan replaced or to be replaced with a Qualified Substitute Mortgage Loan.

Delinquent: As used herein, a Mortgage Loan is considered to be: "30 to 59 days" or "30 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly

scheduled due date; "60 to 89 days" or "60 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the second following monthly scheduled due date; and so on. The determination as to whether a Mortgage Loan falls into these categories is made as of the close of business on the last business day of each month. For example, a Mortgage Loan with a payment due on July 1 that remained unpaid as of the close of business on July 31 would then be considered to be 30 to 59 days delinquent. Delinquency information as of the Cut-off Date is determined and prepared as of the close of business on the last business day immediately prior to the Cut-off Date.

Depository: The Depository Trust Company, or any successor Depository hereafter named. The nominee of the initial Depository for purposes of registering those Certificates that are to be Book-Entry Certificates is Cede & Co. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(a)(5) of the Uniform Commercial Code of the State of New York and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended.

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

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

Determination Date: As defined in the Series Supplement.

Discount Fraction: With respect to each Discount Mortgage Loan, the fraction expressed as a percentage, the numerator of which is the Discount Net Mortgage Rate minus the Net Mortgage Rate (or the initial Net Mortgage Rate with respect to any Discount Mortgage Loans as to which the Mortgage Rate is modified pursuant to 3.07(a)) for such Mortgage Loan and the denominator of which is the Discount Net Mortgage Rate. The Discount Fraction with respect to each Discount Mortgage Loan is set forth as an exhibit attached to the Series Supplement.

Discount Mortgage Loan: Any Mortgage Loan having a Net Mortgage Rate (or the initial Net Mortgage Rate) of less than the Discount Net Mortgage Rate per annum and any Mortgage Loan deemed to be a Discount Mortgage Loan pursuant to the definition of Qualified Substitute Mortgage Loan.

Discount Net Mortgage Rate: As defined in the Series Supplement.

Disqualified Organization: Any organization defined as a "disqualified organization" under Section 860E(e)(5) of the Code, and if not otherwise included, any of the following: (i) the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing (other than an instrumentality which is a corporation if all of its activities are subject to tax and, except for Freddie Mac, a majority of its board of directors is not selected by such governmental unit), (ii) a foreign government, any international organization, or any agency or instrumentality of any of the foregoing, (iii) any organization (other than certain farmers' cooperatives described in Section 521 of the Code)

which is exempt from the tax imposed by Chapter 1 of the Code (including the tax imposed by Section 511 of the Code on unrelated business taxable income), (iv) rural electric and telephone cooperatives described in Section 1381(a)(2)(C) of the Code, (v) any "electing large partnership," as defined in Section 775(a) of the Code and (vi) any other Person so designated by the Trustee based upon an Opinion of Counsel that the holding of an Ownership Interest in a Class R Certificate by such Person may cause the Trust Fund or any Person having an Ownership Interest in any Class of Certificates (other than such Person) to incur a liability for any federal tax imposed under the Code that would not otherwise be imposed but for the Transfer of an Ownership Interest in a Class R Certificate to such Person. The terms "United States", "State" and "international organization" shall have the meanings set forth in Section 7701 of the Code or successor provisions.

Distribution Date: The 25th day of any month beginning in the month immediately following the month of the initial issuance of the Certificates or, if such 25th day is not a Business Day, the Business Day immediately following such 25th day.

Due Date: With respect to any Distribution Date and any Mortgage Loan, the day during the related Due Period on which the Monthly Payment is due.

Due Period: With respect to any Distribution Date, the one-month period set forth in the Series Supplement.

Eligible Account: An account that is any of the following: (i) maintained with a depository institution the debt obligations of which have been rated by each Rating Agency in its highest rating available, or (ii) an account or accounts in a depository institution in which such accounts are fully insured to the limits established by the FDIC, provided that any deposits not so insured shall, to the extent acceptable to each Rating Agency, as evidenced in writing, be maintained such that (as evidenced by an Opinion of Counsel delivered to the Trustee and each Rating Agency) the registered Holders of Certificates have a claim with respect to the funds in such account or a perfected first security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution with which such account is maintained, or (iii) in the case of the Custodial Account, a trust account or accounts maintained in the corporate trust department of the Trustee, or (iv) in the case of the Certificate Account, a trust account or accounts maintained in the corporate trust department of the Trustee, or (v) an account or accounts of a depository institution acceptable to each Rating Agency (as evidenced in writing by each Rating Agency that use of any such account as the Custodial Account or the Certificate Account will not reduce the rating assigned to any Class of Certificates by such Rating Agency below the then-current rating assigned to such Certificates).

Event of Default: As defined in Section 7.01.

Excess Bankruptcy Loss: Any Bankruptcy Loss, or portion thereof, which exceeds the then applicable Bankruptcy Amount.

Excess Fraud Loss: Any Fraud Loss, or portion thereof, which exceeds the then applicable Fraud Loss Amount.

Excess Special Hazard Loss: Any Special Hazard Loss, or portion thereof, that exceeds the then applicable Special Hazard Amount.

Excess Subordinate Principal Amount: With respect to any Distribution Date on which the aggregate Certificate Principal Balance of the Class of Subordinate Certificates then outstanding with the Lowest Priority is to be reduced to zero and on which Realized Losses are to be allocated to such class or classes, the excess, if any, of (i) the amount that would otherwise be distributable in respect of principal on such class or classes of Certificates on such Distribution Date over (ii) the excess, if any, of the aggregate Certificate Principal Balance of such class or classes of Certificates immediately prior to such Distribution Date over the aggregate amount of Realized Losses to be allocated to such classes of Certificates on such Distribution Date as reduced by any amount calculated pursuant to clause (E) of the definition of Class A-P Principal Distribution Amount. With respect to any Mortgage Pool that is comprised of two or more Loan Groups, the Excess Subordinate Principal Amount will be allocated between each Loan Group on a pro rata basis in accordance with the amount of Realized Losses attributable to each Loan Group and allocated to the Certificates on such Distribution Date.

Exchange Act: The Securities and Exchange Act of 1934, as amended.

Extraordinary Events: Any of the following conditions with respect to a Mortgaged Property (or, with respect to a Cooperative Loan, the Cooperative Apartment) or Mortgage Loan causing or resulting in a loss which causes the liquidation of such Mortgage Loan:

(a) losses that are of the type that would be covered by the fidelity bond and the errors and omissions insurance policy required to be maintained pursuant to Section 3.12(b) but are in excess of the coverage maintained thereunder;

(b) nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote or be in whole or in part caused by, contributed to or aggravated by a peril covered by the definition of the term "Special Hazard Loss";

(c) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:

1. by any government or sovereign power, de jure or de facto, or by any authority maintaining or using military, naval or air forces; or

2. by military, naval or air forces; or

3. by an agent of any such government, power, authority or forces;

(d) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; or

(e) insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation

by order of any government or public authority; or risks of contraband or illegal transportation or trade.

Extraordinary Losses: Any loss incurred on a Mortgage Loan caused by or resulting from an Extraordinary Event.

Fannie Mae: Federal National Mortgage Association, a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act, or any successor thereto.

FDIC: Federal Deposit Insurance Corporation or any successor thereto.

Final Distribution Date: The Distribution Date on which the final distribution in respect of the Certificates will be made pursuant to Section 9.01, which Final Distribution Date shall in no event be later than the end of the 90-day liquidation period described in Section 9.02.

Fitch: Fitch Ratings or its successor in interest.

Foreclosure Profits: As to any Distribution Date or related Determination Date and any Mortgage Loan, the excess, if any, of Liquidation Proceeds, Insurance Proceeds and REO Proceeds (net of all amounts reimbursable therefrom pursuant to Section 3.10(a)(ii)) in respect of each Mortgage Loan or REO Property for which a Cash Liquidation or REO Disposition occurred in the related Prepayment Period over the sum of the unpaid principal balance of such Mortgage Loan or REO Property (determined, in the case of an REO Disposition, in accordance with Section 3.14) plus accrued and unpaid interest at the Mortgage Rate on such unpaid principal balance from the Due Date to which interest was last paid by the Mortgagor to the first day of the month following the month in which such Cash Liquidation or REO Disposition occurred.

Form 10-K Certification: As defined in Section 4.03(e).

Fraud Losses: Realized Losses on Mortgage Loans as to which there was fraud in the origination of such Mortgage Loan.

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

Highest Priority: As of any date of determination, the Class of Subordinate Certificates then outstanding with a Certificate Principal Balance greater than zero, with the earliest priority for payments pursuant to Section 4.02(a), in the following order: Class M-1, Class M-2, Class M-3, Class B-1, Class B-2 and Class B-3 Certificates.

Independent: When used with respect to any specified Person, means such a Person who (i) is in fact independent of the Company, the Master Servicer and the Trustee, or any Affiliate thereof, (ii) does not have any direct financial interest or any material indirect financial interest in the Company, the Master Servicer or the Trustee or in an Affiliate thereof, and (iii) is not

connected with the Company, the Master Servicer or the Trustee as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Initial Certificate Principal Balance: With respect to each Class of Certificates, the Certificate Principal Balance of such Class of Certificates as of the Cut-off Date, as set forth in the Series Supplement.

Initial Monthly Payment Fund: An amount representing scheduled principal amortization and interest at the Net Mortgage Rate for the Due Date in the first Due Period commencing subsequent to the Cut-off Date for those Mortgage Loans for which the Trustee will not be entitled to receive such payment, and as more specifically defined in the Series Supplement.

Initial Notional Amount: With respect to any Class or Subclass of Interest Only Certificates, the amount initially used as the principal basis for the calculation of any interest payment amount, as more specifically defined in the Series Supplement.

Initial Subordinate Class Percentage: As defined in the Series Supplement.

Insurance Proceeds: Proceeds paid in respect of the Mortgage Loans pursuant to any Primary Insurance Policy or any other related insurance policy covering a Mortgage Loan (excluding any Certificate Policy (as defined in the Series Supplement)), to the extent such proceeds are payable to the mortgagee under the Mortgage, any Subservicer, the Master Servicer or the Trustee and are not applied to the restoration of the related Mortgaged Property (or, with respect to a Cooperative Loan, the related Cooperative Apartment) or released to the Mortgagor in accordance with the procedures that the Master Servicer would follow in servicing mortgage loans held for its own account.

Insurer: Any named insurer under any Primary Insurance Policy or any successor thereto or the named insurer in any replacement policy.

Interest Accrual Period: As defined in the Series Supplement.

Interest Only Certificates: A Class or Subclass of Certificates not entitled to payments of principal, and designated as such in the Series Supplement. The Interest Only Certificates will have no Certificate Principal Balance.

Interim Certification: As defined in Section 2.02.

International Borrower: In connection with any Mortgage Loan, a borrower who is (a) a United States citizen employed in a foreign country, (b) a non-permanent resident alien employed in the United States or (c) a citizen of a country other than the United States with income derived from sources outside the United States.

Junior Certificateholder: The Holder of not less than 95% of the Percentage Interests of the Junior Class of Certificates.

Junior Class of Certificates: The Class of Subordinate Certificates outstanding as of the date of the repurchase of a Mortgage Loan pursuant to Section 4.07 herein that has the Lowest

Priority.

Late Collections: With respect to any Mortgage Loan, all amounts received during any Due Period, whether as late payments of Monthly Payments or as Insurance Proceeds, Liquidation Proceeds or otherwise, which represent late payments or collections of Monthly Payments due but delinquent for a previous Due Period and not previously recovered.

Liquidation Proceeds: Amounts (other than Insurance Proceeds) received by the Master Servicer in connection with the taking of an entire Mortgaged Property by exercise of the power of eminent domain or condemnation or in connection with the liquidation of a defaulted Mortgage Loan through trustee's sale, foreclosure sale or otherwise, other than REO Proceeds.

Loan Group: Any group of Mortgage Loans designated as a separate loan group in the Series Supplement. The Certificates relating to each Loan Group will be designated in the Series Supplement.

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

Lower Priority: As of any date of determination and any Class of Subordinate Certificates, any other Class of Subordinate Certificates then outstanding with a later priority for payments pursuant to Section 4.02 (a).

Lowest Priority: As of any date of determination, the Class of Subordinate Certificates then outstanding with a Certificate Principal Balance greater than zero, with the latest priority for payments pursuant to Section 4.02(a), in the following order: Class B-3, Class B-2, Class B-1, Class M-3, Class M-2 and Class M-1 Certificates.

Maturity Date: The latest possible maturity date, solely for purposes of Section 1.860G-1(a)(4)(iii) of the Treasury regulations, by which the Certificate Principal Balance of each Class of Certificates (other than the Interest Only Certificates which have no Certificate Principal Balance) and each Uncertificated REMIC Regular Interest would be reduced to zero, as designated in the Series Supplement.

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

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

MIN: The Mortgage Identification Number for Mortgage Loans registered with MERS on the MERS® System.

MLCC: Merrill Lynch Credit Corporation, or its successor in interest.

Modified Mortgage Loan: Any Mortgage Loan that has been the subject of a Servicing Modification.

Modified Net Mortgage Rate: As to any Mortgage Loan that is the subject of a Servicing Modification, the Net Mortgage Rate minus the rate per annum by which the Mortgage Rate on such Mortgage Loan was reduced.

MOM Loan: With respect to any Mortgage Loan, MERS acting as the mortgagee of such Mortgage Loan, solely as nominee for the originator of such Mortgage Loan and its successors and assigns, at the origination thereof.

Monthly Payment: With respect to any Mortgage Loan (including any REO Property) and any Due Date, the payment of principal and interest due thereon in accordance with the amortization schedule at the time applicable thereto (after adjustment, if any, for Curtailments and for Deficient Valuations occurring prior to such Due Date but before any adjustment to such amortization schedule by reason of any bankruptcy, other than a Deficient Valuation, or similar proceeding or any moratorium or similar waiver or grace period and before any Servicing Modification that constitutes a reduction of the interest rate on such Mortgage Loan).

Moody's: Moody's Investors Service, Inc., or its successor in interest.

Mortgage: With respect to each Mortgage Note related to a Mortgage Loan which is not a Cooperative Loan, the mortgage, deed of trust or other comparable instrument creating a first lien on an estate in fee simple or leasehold interest in real property securing a Mortgage Note.

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

Mortgage Loans: Such of the mortgage loans transferred and assigned to the Trustee pursuant to Section 2.01 as from time to time are held or deemed to be held as a part of the Trust Fund, the Mortgage Loans originally so held being identified in the initial Mortgage Loan Schedule, and Qualified Substitute Mortgage Loans held or deemed held as part of the Trust Fund including, without limitation, (i) with respect to each Cooperative Loan, the related Mortgage Note, Security Agreement, Assignment of Proprietary Lease, Cooperative Stock Certificate, Cooperative Lease and Mortgage File and all rights appertaining thereto, and (ii) with respect to each Mortgage Loan other than a Cooperative Loan, each related Mortgage Note, Mortgage and Mortgage File and all rights appertaining thereto.

Mortgage Loan Schedule: As defined in the Series Supplement.

Mortgage Note: The originally executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan, together with any modification thereto.

Mortgage Pool: The pool of mortgage loans, including all Loan Groups, if any, consisting of the Mortgage Loans.

Mortgage Rate: As to any Mortgage Loan, the interest rate borne by the related Mortgage Note, or any modification thereto other than a Servicing Modification.

Mortgaged Property: The underlying real property securing a Mortgage Loan or, with respect to a Cooperative Loan, the related Cooperative Lease and Cooperative Stock.

Mortgagor: The obligor on a Mortgage Note.

Net Mortgage Rate: As to each Mortgage Loan, a per annum rate of interest equal to the Adjusted Mortgage Rate less the per annum rate at which the Servicing Fee is calculated.

Non-Discount Mortgage Loan: A Mortgage Loan that is not a Discount Mortgage Loan.

Non-Primary Residence Loans: The Mortgage Loans designated as secured by second or vacation residences, or by non-owner occupied residences, on the Mortgage Loan Schedule.

Non-United States Person: Any Person other than a United States Person.

Nonrecoverable Advance: Any Advance previously made or proposed to be made by the Master Servicer or Subservicer in respect of a Mortgage Loan (other than a Deleted Mortgage Loan) which, in the good faith judgment of the Master Servicer, will not, or, in the case of a proposed Advance, would not, be ultimately recoverable by the Master Servicer from related Late Collections, Insurance Proceeds, Liquidation Proceeds, REO Proceeds or amounts reimbursable to the Master Servicer pursuant to Section 4.02(a) hereof. To the extent that any Mortgagor is not obligated under the related Mortgage documents to pay or reimburse any portion of any Servicing Advances that are outstanding with respect to the related Mortgage Loan as a result of a modification of such Mortgage Loan by the Master Servicer, which forgives amounts which the Master Servicer or Subservicer had previously advanced, and the Master Servicer determines that no other source of payment or reimbursement for such advances is available to it, such Servicing Advances shall be deemed to be Nonrecoverable Advances. The determination by the Master Servicer that it has made a Nonrecoverable Advance or that any proposed Advance would constitute a Nonrecoverable Advance, shall be evidenced by an Officers' Certificate delivered to the Company, the Trustee and any Certificate Insurer.

Nonsubserviced Mortgage Loan: Any Mortgage Loan that, at the time of reference thereto, is not subject to a Subservicing Agreement.

Notional Amount: With respect to any Class or Subclass of Interest Only Certificates, an amount used as the principal basis for the calculation of any interest payment amount, as more specifically defined in the Series Supplement.

Officers' Certificate: A certificate signed by the Chairman of the Board, the President or a Vice President or Assistant Vice President, or a Director or Managing Director, and by the Treasurer, the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the Company or the Master Servicer, as the case may be, and delivered to the Trustee, as required by this Agreement.

Opinion of Counsel: A written opinion of counsel acceptable to the Trustee and the Master Servicer, who may be counsel for the Company or the Master Servicer, provided that any opinion of counsel (i) referred to in the definition of "Disqualified Organization" or (ii) relating to the qualification of any REMIC formed under the Series Supplement or compliance with the REMIC Provisions must, unless otherwise specified, be an opinion of Independent counsel.

Outstanding Mortgage Loan: As to any Due Date, a Mortgage Loan (including an REO Property) which was not the subject of a Principal Prepayment in Full, Cash Liquidation or REO Disposition and which was not purchased, deleted or substituted for prior to such Due Date pursuant to Section 2.02, 2.03, 2.04 or 4.07.

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

Pass-Through Rate: As defined in the Series Supplement.

Paying Agent: The Trustee or any successor Paying Agent appointed by the Trustee.

Percentage Interest: With respect to any Certificate (other than a Class R Certificate), the undivided percentage ownership interest in the related Class evidenced by such Certificate, which percentage ownership interest shall be equal to the Initial Certificate Principal Balance thereof or Initial Notional Amount (in the case of any Interest Only Certificate) thereof divided by the aggregate Initial Certificate Principal Balance or the aggregate of the Initial Notional Amounts, as applicable, of all the Certificates of the same Class. With respect to a Class R Certificate, the interest in distributions to be made with respect to such Class evidenced thereby, expressed as a percentage, as stated on the face of each such Certificate.

Permitted Investments: One or more of the following:

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

(ii) repurchase agreements on obligations specified in clause (i) maturing not more than one month from the date of acquisition thereof, provided that the unsecured short-term debt obligations of the party agreeing to repurchase such obligations are at the time rated by each Rating Agency in its highest short-term rating available;

(iii) federal funds, certificates of deposit, demand deposits, time deposits and bankers' acceptances (which shall each have an original maturity of not more than 90 days and, in the case of bankers' acceptances, shall in no event have an original maturity of more than 365 days or a remaining maturity of more than 30 days) denominated in United States dollars of any U.S. depository institution or trust company incorporated under the laws of the United States or any state thereof or of any domestic branch of a foreign depository institution or trust company; provided that the debt obligations of such depository institution or trust company at the date of acquisition thereof have been rated by each Rating Agency in its highest short-term rating available; and, provided further

that, if the original maturity of such short-term obligations of a domestic branch of a foreign depository institution or trust company shall exceed 30 days, the short-term rating of such institution shall be A-1+ in the case of Standard & Poor's if Standard & Poor's is a Rating Agency;

(iv) commercial paper and demand notes (having original maturities of not more than 365 days) of any corporation incorporated under the laws of the United States or any state thereof which on the date of acquisition has been rated by each Rating Agency in its highest short-term rating available; provided that such commercial paper shall have a remaining maturity of not more than 30 days;

(v) any mutual fund, money market fund, common trust fund or other pooled investment vehicle, the assets of which are limited to instruments that otherwise would constitute Permitted Investments hereunder and have been rated by each Rating Agency in its highest short-term rating available (in the case of Standard & Poor's such rating shall be either AAAm or AAAm-G), including any such fund that is managed by the Trustee or any affiliate of the Trustee or for which the Trustee or any of its affiliates acts as an adviser; and

(vi) other obligations or securities that are acceptable to each Rating Agency as a Permitted Investment hereunder and will not reduce the rating assigned to any Class of Certificates by such Rating Agency (without giving effect to any Certificate Policy (as defined in the Series Supplement) in the case of Insured Certificates (as defined in the Series Supplement) below the lower of the then-current rating assigned to such Certificates by such Rating Agency, as evidenced in writing;

provided, however, no instrument shall be a Permitted Investment if it represents, either (1) the right to receive only interest payments with respect to the underlying debt instrument or (2) the right to receive both principal and interest payments derived from obligations underlying such instrument and the principal and interest payments with respect to such instrument provide a yield to maturity greater than 120% of the yield to maturity at par of such underlying obligations. References herein to the highest rating available on unsecured long-term debt shall mean AAA in the case of Standard & Poor's and Fitch and Aaa in the case of Moody's, and for purposes of this Agreement, any references herein to the highest rating available on unsecured commercial paper and short-term debt obligations shall mean the following: A-1 in the case of Standard & Poor's, P-1 in the case of Moody's and F-1 in the case of Fitch; provided, however, that any Permitted Investment that is a short-term debt obligation rated A-1 by Standard & Poor's must satisfy the following additional conditions: (i) the total amount of debt from A-1 issuers must be limited to the investment of monthly principal and interest payments (assuming fully amortizing collateral); (ii) the total amount of A-1 investments must not represent more than 20% of the aggregate outstanding Certificate Principal Balance of the Certificates and each investment must not mature beyond 30 days; (iii) the terms of the debt must have a predetermined fixed dollar amount of principal due at maturity that cannot vary; and (iv) if the investments may be liquidated prior to their maturity or are being relied on to meet a certain yield, interest must be tied to a single interest rate index plus a single fixed spread (if any) and must move proportionately with that index. Any Permitted Investment may be held by or through the Trustee or its Affiliates.

Permitted Transferee: Any Transferee of a Class R Certificate, other than a Disqualified Organization or Non-United States Person.

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

Pledged Amount: With respect to any Pledged Asset Loan, the amount of money remitted to Combined Collateral LLC, at the direction of or for the benefit of the related Mortgagor.

Pledged Asset Loan: Any Mortgage Loan supported by Pledged Assets or such other collateral, other than the related Mortgaged Property, set forth in the Series Supplement.

Pledged Assets: With respect to any Mortgage Loan, all money, securities, security entitlements, accounts, general intangibles, payment intangibles, instruments, documents, deposit accounts, certificates of deposit, commodities contracts and other investment property and other property of whatever kind or description pledged by Combined Collateral LLC as security in respect of any Realized Losses in connection with such Mortgage Loan up to the Pledged Amount for such Mortgage Loan, and any related collateral, or such other collateral as may be set forth in the Series Supplement.

Pledged Asset Mortgage Servicing Agreement: The Pledged Asset Mortgage Servicing Agreement, dated as of February 28, 1996 between MLCC and the Master Servicer.

Pooling and Servicing Agreement or Agreement: With respect to any Series, this Standard Terms together with the related Series Supplement.

Pool Stated Principal Balance: As to any Distribution Date, the aggregate of the Stated Principal Balances of each Mortgage Loan.

Pool Strip Rate: With respect to each Mortgage Loan, a per annum rate equal to the excess of (a) the Net Mortgage Rate of such Mortgage Loan over (b) the Discount Net Mortgage Rate (but not less than 0.00%) per annum.

Prepayment Distribution Trigger: With respect to any Distribution Date and any Class of Subordinate Certificates (other than the Class M-1 Certificates), a test that shall be satisfied if the fraction (expressed as a percentage) equal to the sum of the Certificate Principal Balances of such Class and each Class of Subordinate Certificates with a Lower Priority than such Class immediately prior to such Distribution Date divided by the aggregate Stated Principal Balance of all of the Mortgage Loans (or related REO Properties) immediately prior to such Distribution Date is greater than or equal to the sum of the related Initial Subordinate Class Percentages of such Classes of Subordinate Certificates.

Prepayment Interest Shortfall: As to any Distribution Date and any Mortgage Loan (other than a Mortgage Loan relating to an REO Property) that was the subject of (a) a Principal Prepayment in Full during the portion of the related Prepayment Period that falls during the prior calendar month, an amount equal to the excess of one month's interest at the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of a Modified Mortgage Loan) on the Stated

Principal Balance of such Mortgage Loan over the amount of interest (adjusted to the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of a Modified Mortgage Loan)) paid by the Mortgagor for such month to the date of such Principal Prepayment in Full or (b) a Curtailment during the prior calendar month, an amount equal to one month's interest at the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of a Modified Mortgage Loan) on the amount of such Curtailment.

Prepayment Period: As to any Distribution Date and Principal Prepayment in Full, the period commencing on the 16th day of the month prior to the month in which that Distribution Date occurs and ending on the 15th day of the month in which such Distribution Date occurs.

Primary Insurance Policy: Each primary policy of mortgage guaranty insurance or any replacement policy therefor referred to in Section 2.03(b)(iv) and (v).

Principal Only Certificates: A Class of Certificates not entitled to payments of interest, and more specifically designated as such in the Series Supplement.

Principal Prepayment: Any payment of principal or other recovery on a Mortgage Loan, including a recovery that takes the form of Liquidation Proceeds or Insurance Proceeds, which is received in advance of its scheduled Due Date and is not accompanied by an amount as to interest representing scheduled interest on such payment due on any date or dates in any month or months subsequent to the month of prepayment.

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

Program Guide: Collectively, the Client Guide and the Servicer Guide for Residential Funding's Expanded Criteria Mortgage Program.

Purchase Price: With respect to any Mortgage Loan (or REO Property) required to be or otherwise purchased on any date pursuant to Section 2.02, 2.03, 2.04 or 4.07, an amount equal to the sum of (i) 100% of the Stated Principal Balance thereof plus the principal portion of any related unreimbursed Advances and (ii) unpaid accrued interest at the Adjusted Mortgage Rate (or Modified Net Mortgage Rate plus the rate per annum at which the Servicing Fee is calculated in the case of a Modified Mortgage Loan) (or at the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of a Modified Mortgage Loan) in the case of a purchase made by the Master Servicer) on the Stated Principal Balance thereof to the Due Date in the Due Period related to the Distribution Date occurring in the month following the month of purchase from the Due Date to which interest was last paid by the Mortgagor.

Qualified Substitute Mortgage Loan: A Mortgage Loan substituted by Residential Funding or the Company for a Deleted Mortgage Loan which must, on the date of such substitution, as confirmed in an Officers' Certificate delivered to the Trustee, with a copy to the Custodian,

(i) have an outstanding principal balance, after deduction of the principal portion of the monthly payment due in the month of substitution (or in the case of a substitution of more than one Mortgage Loan for a Deleted Mortgage Loan, an

aggregate outstanding principal balance, after such deduction), not in excess of the Stated Principal Balance of the Deleted Mortgage Loan (the amount of any shortfall to be deposited by Residential Funding in the Custodial Account in the month of substitution);

(ii) have a Mortgage Rate and a Net Mortgage Rate no lower than and not more than 1% per annum higher than the Mortgage Rate and Net Mortgage Rate, respectively, of the Deleted Mortgage Loan as of the date of substitution;

(iii) have a Loan-to-Value Ratio at the time of substitution no higher than that of the Deleted Mortgage Loan at the time of substitution;

(iv) have a remaining term to stated maturity not greater than (and not more than one year less than) that of the Deleted Mortgage Loan;

(v) comply with each representation and warranty set forth in Sections 2.03 and 2.04 hereof and Section 4 of the Assignment Agreement; and

(vi) have a Pool Strip Rate equal to or greater than that of the Deleted Mortgage Loan.

Notwithstanding any other provisions herein, (x) with respect to any Qualified Substitute Mortgage Loan substituted for a Deleted Mortgage Loan which was a Discount Mortgage Loan, such Qualified Substitute Mortgage Loan shall be deemed to be a Discount Mortgage Loan and to have a Discount Fraction equal to the Discount Fraction of the Deleted Mortgage Loan and (y) in the event that the "Pool Strip Rate" of any Qualified Substitute Mortgage Loan as calculated pursuant to the definition of "Pool Strip Rate" is greater than the Pool Strip Rate of the related Deleted Mortgage Loan

(i) the Pool Strip Rate of such Qualified Substitute Mortgage Loan shall be equal to the Pool Strip Rate of the related Deleted Mortgage Loan for purposes of calculating the Pass-Through Rate on the Class A-V Certificates and

(ii) the excess of the Pool Strip Rate on such Qualified Substitute Mortgage Loan as calculated pursuant to the definition of "Pool Strip Rate" over the Pool Strip Rate on the related Deleted Mortgage Loan shall be payable to the Class R Certificates pursuant to Section 4.02 hereof.

Rating Agency: Each of the statistical credit rating agencies specified in the Preliminary Statement of the Series Supplement. If any agency or a successor is no longer in existence, "Rating Agency" shall be such statistical credit rating agency, or other comparable Person, designated by the Company, notice of which designation shall be given to the Trustee and the Master Servicer.

Realized Loss: With respect to each Mortgage Loan (or REO Property):

(a) as to which a Cash Liquidation or REO Disposition has occurred, an amount (not less than zero) equal to (i) the Stated Principal Balance of the Mortgage Loan (or REO Property) as of the date of Cash Liquidation or REO Disposition, plus (ii)

interest (and REO Imputed Interest, if any) at the Net Mortgage Rate from the Due Date as to which interest was last paid or advanced to Certificateholders up to the Due Date in the Due Period related to the Distribution Date on which such Realized Loss will be allocated pursuant to Section 4.05 on the Stated Principal Balance of such Mortgage Loan (or REO Property) outstanding during each Due Period that such interest was not paid or advanced, minus (iii) the proceeds, if any, received during the month in which such Cash Liquidation (or REO Disposition) occurred, to the extent applied as recoveries of interest at the Net Mortgage Rate and to principal of the Mortgage Loan, net of the portion thereof reimbursable to the Master Servicer or any Subservicer with respect to related Advances, Servicing Advances or other expenses as to which the Master Servicer or Subservicer is entitled to reimbursement thereunder but which have not been previously reimbursed,

(b) which is the subject of a Servicing Modification, (i) (1) the amount by which the interest portion of a Monthly Payment or the principal balance of such Mortgage Loan was reduced or (2) the sum of any other amounts owing under the Mortgage Loan that were forgiven and that constitute Servicing Advances that are reimbursable to the Master Servicer or a Subservicer, and (ii) any such amount with respect to a Monthly Payment that was or would have been due in the month immediately following the month in which a Principal Prepayment or the Purchase Price of such Mortgage Loan is received or is deemed to have been received,

(c) which has become the subject of a Deficient Valuation, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation, or

(d) which has become the object of a Debt Service Reduction, the amount of such Debt Service Reduction.

Notwithstanding the above, neither a Deficient Valuation nor a Debt Service Reduction shall be deemed a Realized Loss hereunder so long as the Master Servicer has notified the Trustee in writing that the Master Servicer is diligently pursuing any remedies that may exist in connection with the representations and warranties made regarding the related Mortgage Loan and either (A) the related Mortgage Loan is not in default with regard to payments due thereunder or (B) delinquent payments of principal and interest under the related Mortgage Loan and any premiums on any applicable primary hazard insurance policy and any related escrow payments in respect of such Mortgage Loan are being advanced on a current basis by the Master Servicer or a Subservicer, in either case without giving effect to any Debt Service Reduction.

To the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of the Realized Loss with respect to that Mortgage Loan will be reduced to the extent such recoveries are applied to reduce the Certificate Principal Balance of any Class of Certificates on any Distribution Date.

Record Date: With respect to each Distribution Date, the close of business on the last Business Day of the month next preceding the month in which the related Distribution Date occurs.

Regular Certificate: Any of the Certificates other than a Class R Certificate.

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

Reimbursement Amounts: As defined in Section 3.22.

REMIC: A "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

REMIC Administrator: Residential Funding Corporation. If Residential Funding Corporation is found by a court of competent jurisdiction to no longer be able to fulfill its obligations as REMIC Administrator under this Agreement the Master Servicer or Trustee acting as Master Servicer shall appoint a successor REMIC Administrator, subject to assumption of the REMIC Administrator obligations under this Agreement.

REMIC Provisions: Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and temporary and final regulations (or, to the extent not inconsistent with such temporary or final regulations, proposed regulations) and published rulings, notices and announcements promulgated thereunder, as the foregoing may be in effect from time to time.

REO Acquisition: The acquisition by the Master Servicer on behalf of the Trustee for the benefit of the Certificateholders of any REO Property pursuant to Section 3.14.

REO Disposition: As to any REO Property, a determination by the Master Servicer that it has received all Insurance Proceeds, Liquidation Proceeds, REO Proceeds and other payments and recoveries (including proceeds of a final sale) which the Master Servicer expects to be finally recoverable from the sale or other disposition of the REO Property.

REO Imputed Interest: As to any REO Property, for any period, an amount equivalent to interest (at the Net Mortgage Rate that would have been applicable to the related Mortgage Loan had it been outstanding) on the unpaid principal balance of the Mortgage Loan as of the date of acquisition thereof for such period.

REO Proceeds: Proceeds, net of expenses, received in respect of any REO Property (including, without limitation, proceeds from the rental of the related Mortgaged Property or, with respect to a Cooperative Loan, the related Cooperative Apartment) which proceeds are required to be deposited into the Custodial Account only upon the related REO Disposition.

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

Reportable Modified Mortgage Loan: Any Mortgage Loan that (i) has been subject to an interest rate reduction, (ii) has been subject to a term extension or (iii) has had amounts owing on such Mortgage Loan capitalized by adding such amount to the Stated Principal Balance of such Mortgage Loan; provided, however, that a Mortgage Loan modified in accordance with clause (i) above for a temporary period shall not be a Reportable Modified Mortgage Loan if such Mortgage Loan has not been delinquent in payments of principal and interest for six months since the date of such modification if that interest rate reduction is not made permanent thereafter.

Request for Release: A request for release, the forms of which are attached as Exhibit F hereto, or an electronic request in a form acceptable to the Custodian.

Required Insurance Policy: With respect to any Mortgage Loan, any insurance policy which is required to be maintained from time to time under this Agreement, the Program Guide or the related Subservicing Agreement in respect of such Mortgage Loan.

Required Surety Payment: With respect to any Additional Collateral Loan that becomes a Liquidated Mortgage Loan, the lesser of (i) the principal portion of the Realized Loss with respect to such Mortgage Loan and (ii) the excess, if any, of (a) the amount of Additional Collateral required at origination with respect to such Mortgage Loan over (b) the net proceeds realized by the Subservicer from the related Additional Collateral.

Residential Funding: Residential Funding Corporation, a Delaware corporation, in its capacity as seller of the Mortgage Loans to the Company and any successor thereto.

Responsible Officer: When used with respect to the Trustee, any officer of the Corporate Trust Department of the Trustee, including any Senior Vice President, any Vice President, any Assistant Vice President, any Assistant Secretary, any Trust Officer or Assistant Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers to whom, with respect to a particular matter, such matter is referred, in each case with direct responsibility for the administration of the Agreement.

Retail Certificates: A Senior Certificate, if any, offered in smaller minimum denominations than other Senior Certificates, and designated as such in the Series Supplement.

Schedule of Discount Fractions: The schedule setting forth the Discount Fractions with respect to the Discount Mortgage Loans, attached as an exhibit to the Series Supplement.

Securitization Transaction: Any transaction involving a sale or other transfer of mortgage loans directly or indirectly to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage-backed securities.

Security Agreement: With respect to a Cooperative Loan, the agreement creating a security interest in favor of the originator in the related Cooperative Stock.

Seller: As to any Mortgage Loan, a Person, including any Subservicer, that executed a Seller's Agreement applicable to such Mortgage Loan.

Seller's Agreement: An agreement for the origination and sale of Mortgage Loans generally in the form of the Seller Contract referred to or contained in the Program Guide, or in such other form as has been approved by the Master Servicer and the Company, each containing representations and warranties in respect of one or more Mortgage Loans consistent in all material respects with those set forth in the Program Guide.

Senior Accelerated Distribution Percentage: With respect to any Distribution Date occurring on or prior to the 60th Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, any Loan Group, 100%. With respect to any Distribution Date thereafter and any such Loan Group, if applicable, as follows:

(i) for any Distribution Date after the 60th Distribution Date but on or prior to the 72nd Distribution Date, the related Senior Percentage for such Distribution Date plus 70% of the related Subordinate Percentage for such Distribution Date;

(ii) for any Distribution Date after the 72nd Distribution Date but on or prior to the 84th Distribution Date, the related Senior Percentage for such Distribution Date plus 60% of the related Subordinate Percentage for such Distribution Date;

(iii) for any Distribution Date after the 84th Distribution Date but on or prior to the 96th Distribution Date, the related Senior Percentage for such Distribution Date plus 40% of the related Subordinate Percentage for such Distribution Date;

(iv) for any Distribution Date after the 96th Distribution Date but on or prior to the 108th Distribution Date, the related Senior Percentage for such Distribution Date plus 20% of the related Subordinate Percentage for such Distribution Date; and

(v) for any Distribution Date thereafter, the Senior Percentage for such Distribution Date;

provided, however,

(i) that any scheduled reduction to the Senior Accelerated Distribution Percentage described above shall not occur as of any Distribution Date unless either

(a)(1)(X) the outstanding principal balance of the Mortgage Loans delinquent 60 days or more (including Mortgage Loans which are in foreclosure, have been foreclosed or otherwise liquidated, or with respect to which the Mortgagor is in bankruptcy and any REO Property) averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Subordinate Certificates, is less than 50% or (Y) the outstanding principal balance of Mortgage Loans delinquent 60 days or more (including Mortgage Loans which are in foreclosure, have been foreclosed or otherwise liquidated, or with respect to which the Mortgagor is in bankruptcy and any REO Property) averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all Mortgage Loans averaged over the last six months, does not

exceed 2% and (2) Realized Losses on the Mortgage Loans to date for such Distribution Date if occurring during the sixth, seventh, eighth, ninth or tenth year (or any year thereafter) after the Closing Date are less than 30%, 35%, 40%, 45% or 50%, respectively, of the sum of the Initial Certificate Principal Balances of the Subordinate Certificates or

(b)(1) the outstanding principal balance of Mortgage Loans delinquent 60 days or more (including Mortgage Loans which are in foreclosure, have been foreclosed or otherwise liquidated, or with respect to which the Mortgagor is in bankruptcy and any REO Property) averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all Mortgage Loans averaged over the last six months, does not exceed 4% and (2) Realized Losses on the Mortgage Loans to date for such Distribution Date, if occurring during the sixth, seventh, eighth, ninth or tenth year (or any year thereafter) after the Closing Date are less than 10%, 15%, 20%, 25% or 30%, respectively, of the sum of the Initial Certificate Principal Balances of the Subordinate Certificates, and

(ii) that for any Distribution Date on which the Senior Percentage is greater than the Senior Percentage as of the Closing Date, the Senior Accelerated Distribution Percentage for such Distribution Date shall be 100%, or, if the Mortgage Pool is comprised of two or more Loan Groups, for any Distribution Date on which the weighted average of the Senior Percentages for each Loan Group, weighted on the basis of the Stated Principal Balances of the Mortgage Loans in the related Loan Group (excluding the Discount Fraction of the Discount Mortgage Loans in such Loan Group) exceeds the weighted average of the initial Senior Percentages (calculated on such basis) for each Loan Group, each of the Senior Accelerated Distribution Percentages for such Distribution Date will equal 100%.

Notwithstanding the foregoing, upon the reduction of the Certificate Principal Balances of the related Senior Certificates (other than the Class A-P Certificates, if any) to zero, the related Senior Accelerated Distribution Percentage shall thereafter be 0%.

Senior Certificate: As defined in the Series Supplement.

Senior Percentage: As defined in the Series Supplement.

Senior Support Certificate: A Senior Certificate that provides additional credit enhancement to certain other classes of Senior Certificates and designated as such in the Preliminary Statement of the Series Supplement.

Series: All of the Certificates issued pursuant to a Pooling and Servicing Agreement and bearing the same series designation.

Series Supplement: The agreement into which this Standard Terms is incorporated and pursuant to which, together with this Standard Terms, a Series of Certificates is issued.

Servicing Accounts: The account or accounts created and maintained pursuant to Section 3.08.

Servicing Criteria: The "servicing criteria" set forth in Item 1122(d) of Regulation AB, as such may be amended from time to time.

Servicing Advances: All customary, reasonable and necessary "out of pocket" costs and expenses incurred in connection with a default, delinquency or other unanticipated event by the Master Servicer or a Subservicer in the performance of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property or, with respect to a Cooperative Loan, the related Cooperative Apartment, (ii) any enforcement or judicial proceedings, including foreclosures, including any expenses incurred in relation to any such proceedings that result from the Mortgage Loan being registered on the MERS System, (iii) the management and liquidation of any REO Property, (iv) any mitigation procedures implemented in accordance with Section 3.07, and (v) compliance with the obligations under Sections 3.01, 3.08, 3.11, 3.12(a) and 3.14, including, if the Master Servicer or any Affiliate of the Master Servicer provides services such as appraisals and brokerage services that are customarily provided by Persons other than servicers of mortgage loans, reasonable compensation for such services.

Servicing Advance Reimbursement Amounts: As defined in Section 3.22.

Servicing Fee: With respect to any Mortgage Loan and Distribution Date, the fee payable monthly to the Master Servicer in respect of master servicing compensation that accrues at an annual rate designated on the Mortgage Loan Schedule as the "MSTR SERV FEE" for such Mortgage Loan, as may be adjusted with respect to successor Master Servicers as provided in Section 7.02.

Servicing Modification: Any reduction of the interest rate on or the outstanding principal balance of a Mortgage Loan, any extension of the final maturity date of a Mortgage Loan, and any increase to the outstanding principal balance of a Mortgage Loan by adding to the Stated Principal Balance unpaid principal and interest and other amounts owing under the Mortgage Loan, in each case pursuant to a modification of a Mortgage Loan that is in default, or for which, in the judgment of the Master Servicer, default is reasonably foreseeable in accordance with Section 3.07(a).

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

Special Hazard Loss: Any Realized Loss not in excess of the cost of the lesser of repair or replacement of a Mortgaged Property (or, with respect to a Cooperative Loan, the related Cooperative Apartment) suffered by such Mortgaged Property (or Cooperative Apartment) on account of direct physical loss, exclusive of (i) any loss of a type covered by a hazard policy or a flood insurance policy required to be maintained in respect of such Mortgaged Property pursuant to Section 3.12(a), except to the extent of the portion of such loss not covered as a result of any coinsurance provision and (ii) any Extraordinary Loss.

Standard & Poor's: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor in interest.

Stated Principal Balance: With respect to any Mortgage Loan or related REO Property, as of any Distribution Date, (i) the sum of (a) the Cut-off Date Principal Balance of the Mortgage Loan plus (b) any amount by which the Stated Principal Balance of the Mortgage Loan has been increased pursuant to a Servicing Modification, minus (ii) the sum of (a) the principal portion of the Monthly Payments due with respect to such Mortgage Loan or REO Property during each Due Period ending with the Due Period related to the previous Distribution Date which were received or with respect to which an Advance was made, and (b) all Principal Prepayments with respect to such Mortgage Loan or REO Property, and all Insurance Proceeds, Liquidation Proceeds and REO Proceeds, to the extent applied by the Master Servicer as recoveries of principal in accordance with Section 3.14 with respect to such Mortgage Loan or REO Property, in each case which were distributed pursuant to Section 4.02 on any previous Distribution Date, and (c) any Realized Loss allocated to Certificateholders with respect thereto for any previous Distribution Date.

Subclass: With respect to the Class A-V Certificates, any Subclass thereof issued pursuant to Section 5.01(c). Any such Subclass will represent the Uncertificated Class A-V REMIC Regular Interest or Interests specified by the initial Holder of the Class A-V Certificates pursuant to Section 5.01(c).

Subordinate Certificate: Any one of the Class M Certificates or Class B Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B and Exhibit C, respectively.

Subordinate Class Percentage: With respect to any Distribution Date and any Class of Subordinate Certificates, a fraction, expressed as a percentage, the numerator of which is the aggregate Certificate Principal Balance of such Class of Subordinate Certificates immediately prior to such date and the denominator of which is the aggregate Stated Principal Balance of all of the Mortgage Loans (or related REO Properties) (other than the related Discount Fraction of each Discount Mortgage Loan) immediately prior to such Distribution Date.

Subordinate Percentage: As of any Distribution Date and, with respect to any Mortgage Pool comprised of two or more Loan Groups, any Loan Group, 100% minus the related Senior Percentage as of such Distribution Date.

Subsequent Recoveries: As of any Distribution Date, amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.10) or surplus amounts held by the Master Servicer to cover estimated expenses (including, but not limited to, recoveries in respect of the representations and warranties made by the related Seller pursuant to the applicable Seller's Agreement and assigned to the Trustee pursuant to Section 2.04) specifically related to a Mortgage Loan that was the subject of a Cash Liquidation or an REO Disposition prior to the related Prepayment Period that resulted in a Realized Loss.

Subserviced Mortgage Loan: Any Mortgage Loan that, at the time of reference thereto, is subject to a Subservicing Agreement.

Subservicer: Any Person with whom the Master Servicer has entered into a Subservicing Agreement and who generally satisfied the requirements set forth in the Program Guide in respect of the qualification of a Subservicer as of the date of its approval as a Subservicer by the Master Servicer.

Subservicer Advance: Any delinquent installment of principal and interest on a Mortgage Loan which is advanced by the related Subservicer (net of its Subservicing Fee) pursuant to the Subservicing Agreement.

Subservicing Account: An account established by a Subservicer in accordance with Section 3.08.

Subservicing Agreement: The written contract between the Master Servicer and any Subservicer relating to servicing and administration of certain Mortgage Loans as provided in Section 3.02, generally in the form of the servicer contract referred to or contained in the Program Guide or in such other form as has been approved by the Master Servicer and the Company. With respect to Additional Collateral Loans subserviced by MLCC, the Subservicing Agreement shall also include the Addendum and Assignment Agreement and the Pledged Asset Mortgage Servicing Agreement. With respect to any Pledged Asset Loan subserviced by GMAC Mortgage Corporation, the Addendum and Assignment Agreement, dated as of November 24, 1998, between the Master Servicer and GMAC Mortgage Corporation, as such agreement may be amended from time to time.

Subservicing Fee: As to any Mortgage Loan, the fee payable monthly to the related Subservicer (or, in the case of a Nonsubserviced Mortgage Loan, to the Master Servicer) in respect of subservicing and other compensation that accrues at an annual rate equal to the excess of the Mortgage Rate borne by the related Mortgage Note over the rate per annum designated on the Mortgage Loan Schedule as the "CURR NET" for such Mortgage Loan.

Successor Master Servicer: As defined in Section 3.22.

Surety: Ambac, or its successors in interest, or such other surety as may be identified in the Series Supplement.

Surety Bond: The Limited Purpose Surety Bond (Policy No. AB0039BE), dated February 28, 1996 in respect to Mortgage Loans originated by MLCC, or the Surety Bond (Policy No. AB0240BE), dated March 17, 1999 in respect to Mortgage Loans originated by Novus Financial Corporation, in each case issued by Ambac for the benefit of certain beneficiaries, including the Trustee for the benefit of the Holders of the Certificates, but only to the extent that such Surety Bond covers any Additional Collateral Loans, or such other Surety Bond as may be identified in the Series Supplement.

Tax Returns: The federal income tax return on Internal Revenue Service Form 1066, U.S. Real Estate Mortgage Investment Conduit Income Tax Return, including Schedule Q thereto, Quarterly Notice to Residual Interest Holders of REMIC Taxable Income or Net Loss Allocation, or any successor forms, to be filed on behalf of any REMIC formed under the Series Supplement and under the REMIC Provisions, together with any and all other information, reports or returns that may be required to be furnished to the Certificateholders or filed with the

Internal Revenue Service or any other governmental taxing authority under any applicable provisions of federal, state or local tax laws.

Transaction Party: As defined in Section 12.02(a).

Transfer: Any direct or indirect transfer, sale, pledge, hypothecation or other form of assignment of any Ownership Interest in a Certificate.

Transferee: Any Person who is acquiring by Transfer any Ownership Interest in a Certificate.

Transferor: Any Person who is disposing by Transfer of any Ownership Interest in a Certificate.

Trust Fund: The segregated pool of assets related to a Series, with respect to which one or more REMIC elections are to be made pursuant to this Agreement, consisting of:

(i) the Mortgage Loans and the related Mortgage Files and collateral securing such Mortgage Loans,

(ii) all payments on and collections in respect of the Mortgage Loans due after the Cut-off Date as shall be on deposit in the Custodial Account or in the Certificate Account and identified as belonging to the Trust Fund, including the proceeds from the liquidation of Additional Collateral for any Additional Collateral Loan or Pledged Assets for any Pledged Asset Loan, but not including amounts on deposit in the Initial Monthly Payment Fund,

(iii) property that secured a Mortgage Loan and that has been acquired for the benefit of the Certificateholders by foreclosure or deed in lieu of foreclosure,

(iv) the hazard insurance policies and Primary Insurance Policies, if any, the Pledged Assets with respect to each Pledged Asset Loan, and the interest in the Surety Bond transferred to the Trustee pursuant to Section 2.01, and

(v) all proceeds of clauses (i) through (iv) above.

Trustee Information: As specified in Section 12.05(a)(i)(A).

Uninsured Cause: Any cause of damage to property subject to a Mortgage such that the complete restoration of such property is not fully reimbursable by the hazard insurance policies.

United States Person or U.S. Person: (i) A citizen or resident of the United States, (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes organized in or under the laws of the United States or any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations provide otherwise), provided that, for purposes solely of the restrictions on the transfer of residual interests, no partnership or other entity treated as a partnership for United States federal income tax purposes shall be treated as a United States Person or U.S. Person unless all persons

that own an interest in such partnership either directly or indirectly through any chain of entities no one of which is a corporation for United States federal income tax purposes are required by the applicable operating agreement to be United States Persons, (iii) an estate the income of which is includible in gross income for United States tax purposes, regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, certain Trusts in existence on August 20, 1996, and treated as United States persons prior to such date, that elect to continue to be treated as United States persons will also be a U.S. Person.

U.S.A. Patriot Act: Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001, as amended.

Voting Rights: The portion of the voting rights of all of the Certificates which is allocated to any Certificate, and more specifically designated in Article XI of the Series Supplement.

Section 1.02. Use of Words and Phrases.

"Herein," "hereby," "hereunder," 'hereof," "hereinbefore," "hereinafter" and other equivalent words refer to the Pooling and Servicing Agreement as a whole. All references herein to Articles, Sections or Subsections shall mean the corresponding Articles, Sections and Subsections in the Pooling and Servicing Agreement. The definitions set forth herein include both the singular and the plural.

ARTICLE II

CONVEYANCE OF MORTGAGE LOANS; ORIGINAL ISSUANCE OF CERTIFICATES

Section 2.01. Conveyance of Mortgage Loans.

(a) The Company, concurrently with the execution and delivery hereof, does hereby assign to the Trustee for the benefit of the Certificateholders without recourse all the right, title and interest of the Company in and to the Mortgage Loans, including all interest and principal received on or with respect to the Mortgage Loans after the Cut-off Date (other than payments of principal and interest due on the Mortgage Loans in the month of the Cut-off Date). In connection with such transfer and assignment, the Company does hereby deliver to the Trustee the Certificate Policy (as defined in the Series Supplement), if any for the benefit of the Holders of the Insured Certificates (as defined in the Series Supplement).

(b) In connection with such assignment, except as set forth in Section 2.01(c) and subject to Section 2.01(d) below, the Company does hereby deliver to, and deposit with, the Trustee, or to and with one or more Custodians, as the duly appointed agent or agents of the Trustee for such purpose, the following documents or instruments (or copies thereof as permitted by this Section) (I) with respect to each Mortgage Loan so assigned (other than a Cooperative Loan):

(i) The original Mortgage Note, endorsed without recourse in blank or to the order of the Trustee, and showing an unbroken chain of endorsements from the originator thereof to the Person endorsing it to the Trustee, or with respect to any Destroyed Mortgage Note, an original lost note affidavit from the related Seller or Residential Funding stating that the original Mortgage Note was lost, misplaced or destroyed, together with a copy of the related Mortgage Note;

(ii) The original Mortgage, noting the presence of the MIN of the Mortgage Loan and language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM Loan, with evidence of recording indicated thereon or a copy of the Mortgage with evidence of recording indicated thereon;

(iii) Unless the Mortgage Loan is registered on the MERS® System, an original Assignment of the Mortgage to the Trustee with evidence of recording indicated thereon or a copy of such assignment with evidence of recording indicated thereon;

(iv) The original recorded assignment or assignments of the Mortgage showing an unbroken chain of title from the originator thereof to the Person assigning it to the Trustee (or to MERS, if the Mortgage Loan is registered on the MERS® System and noting the presence of a MIN) with evidence of recordation noted thereon or attached thereto, or a copy of such assignment or assignments of the Mortgage with evidence of recording indicated thereon; and

(v) The original of each modification, assumption agreement or preferred loan agreement, if any, relating to such Mortgage Loan or a copy of each modification, assumption agreement or preferred loan agreement.

and (II) with respect to each Cooperative Loan so assigned:

(i) The original Mortgage Note, endorsed without recourse to the order of the Trustee and showing an unbroken chain of endorsements from the originator thereof to the Person endorsing it to the Trustee, or with respect to any Destroyed Mortgage Note, an original lost note affidavit from the related Seller or Residential Funding stating that the original Mortgage Note was lost, misplaced or destroyed, together with a copy of the related Mortgage Note;

(ii) A counterpart of the Cooperative Lease and the Assignment of Proprietary Lease to the originator of the Cooperative Loan with intervening assignments showing an unbroken chain of title from such originator to the Trustee;

(iii) The related Cooperative Stock Certificate, representing the related Cooperative Stock pledged with respect to such Cooperative Loan, together with an undated stock power (or other similar instrument) executed in blank;

(iv) The original recognition agreement by the Cooperative of the interests of the mortgagee with respect to the related Cooperative Loan;

(v) The Security Agreement;

(vi) Copies of the original UCC-1 financing statement, and any continuation statements, filed by the originator of such Cooperative Loan as secured party, each with evidence of recording thereof, evidencing the interest of the originator under the Security Agreement and the Assignment of Proprietary Lease;

(vii) Copies of the filed UCC-3 assignments of the security interest referenced in clause (vi) above showing an unbroken chain of title from the originator to the Trustee, each with evidence of recording thereof, evidencing the interest of the originator under the Security Agreement and the Assignment of Proprietary Lease;

(viii) An executed assignment of the interest of the originator in the Security Agreement, Assignment of Proprietary Lease and the recognition agreement referenced in clause (iv) above, showing an unbroken chain of title from the originator to the Trustee;

(ix) The original of each modification, assumption agreement or preferred loan agreement, if any, relating to such Cooperative Loan; and

(x) A duly completed UCC-1 financing statement showing the Master Servicer as debtor, the Company as secured party and the Trustee as assignee and a duly completed UCC-1 financing statement showing the Company as debtor and the Trustee

as secured party, each in a form sufficient for filing, evidencing the interest of such debtors in the Cooperative Loans.

(c) The Company may, in lieu of delivering the original of the documents set forth in Section 2.01(b)(I)(ii), (iii), (iv) and (v) and Section (b)(II)(ii), (iv), (vii), (ix) and (x) (or copies thereof as permitted by Section 2.01(b)) to the Trustee or the Custodian or Custodians, deliver such documents to the Master Servicer, and the Master Servicer shall hold such documents in trust for the use and benefit of all present and future Certificateholders until such time as is set forth in the next sentence. Within thirty Business Days following the earlier of (i) the receipt of the original of all of the documents or instruments set forth in Section 2.01(b)(I)(ii), (iii), (iv) and (v) and Section (b)(II)(ii), (iv), (vii), (ix) and (x) (or copies thereof as permitted by such Section) for any Mortgage Loan and (ii) a written request by the Trustee to deliver those documents with respect to any or all of the Mortgage Loans then being held by the Master Servicer, the Master Servicer shall deliver a complete set of such documents to the Trustee or the Custodian or Custodians that are the duly appointed agent or agents of the Trustee.

The parties hereto agree that it is not intended that any Mortgage Loan be included in the Trust Fund that is either (i) a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003, (ii) a "High-Cost Home Loan" as defined in the New Mexico Home Loan Protection Act effective January 1, 2004, (iii) a "High Cost Home Mortgage Loan" as defined in the Massachusetts Predatory Home Loan Practices Act effective November 7, 2004 or (iv) a "High-Cost Home Loan" as defined in the Indiana House Enrolled Act No. 1229, effective as of January 1, 2005.

(d) Notwithstanding the provisions of Section 2.01(c), in connection with any Mortgage Loan, if the Company cannot deliver the original of the Mortgage, any assignment, modification, assumption agreement or preferred loan agreement (or copy thereof as permitted by Section 2.01(b)) with evidence of recording thereon concurrently with the execution and delivery of this Agreement because of (i) a delay caused by the public recording office where such Mortgage, assignment, modification, assumption agreement or preferred loan agreement as the case may be, has been delivered for recordation, or (ii) a delay in the receipt of certain information necessary to prepare the related assignments, the Company shall deliver or cause to be delivered to the Trustee or the respective Custodian a copy of such Mortgage, assignment, modification, assumption agreement or preferred loan agreement.

The Company shall promptly cause to be recorded in the appropriate public office for real property records the Assignment referred to in clause (I)(iii) of Section 2.01(b), except (a) in states where, in the opinion of counsel acceptable to the Trustee and the Master Servicer, such recording is not required to protect the Trustee's interests in the Mortgage Loan against the claim of any subsequent transferee or any successor to or creditor of the Company or the originator of such Mortgage Loan or (b) if MERS is identified on the Mortgage or on a properly recorded assignment of the Mortgage as the mortgagee of record solely as nominee for the Seller and its successors and assigns, and shall promptly cause to be filed the Form UCC-3 assignment and UCC-1 financing statement referred to in clause (II)(vii) and (x), respectively, of Section 2.01(b). If any Assignment, Form UCC-3 or Form UCC-1, as applicable, is lost or returned unrecorded to the Company because of any defect therein, the Company shall prepare a substitute Assignment, Form UCC-3 or Form UCC-1, as applicable, or cure such defect, as the case may be, and cause

such Assignment to be recorded in accordance with this paragraph. The Company shall promptly deliver or cause to be delivered to the Trustee or the respective Custodian such Mortgage or Assignment or Form UCC-3 or Form UCC-1, as applicable, (or copy thereof as permitted by Section 2.01(b)) with evidence of recording indicated thereon at the time specified in Section 2.01(c). In connection with its servicing of Cooperative Loans, the Master Servicer will use its best efforts to file timely continuation statements with regard to each financing statement and assignment relating to Cooperative Loans as to which the related Cooperative Apartment is located outside of the State of New York.

If the Company delivers to the Trustee or Custodian any Mortgage Note or Assignment of Mortgage in blank, the Company shall, or shall cause the Custodian to, complete the endorsement of the Mortgage Note and the Assignment of Mortgage in the name of the Trustee in conjunction with the Interim Certification issued by the Custodian, as contemplated by Section 2.02.

Any of the items set forth in Sections 2.01(b)(I)(ii), (iii), (iv) and (v) and (II)(vi) and (vii) and that may be delivered as a copy rather than the original may be delivered to the Trustee or the Custodian.

In connection with the assignment of any Mortgage Loan registered on the MERS® System, the Company further agrees that it will cause, at the Company's own expense, within 30 Business Days after the Closing Date, the MERS® System to indicate that such Mortgage Loans have been assigned by the Company to the Trustee in accordance with this Agreement for the benefit of the Certificateholders by including (or deleting, in the case of Mortgage Loans which are repurchased in accordance with this Agreement) in such computer files (a) the code in the field which identifies the specific Trustee and (b) the code in the field "Pool Field" which identifies the series of the Certificates issued in connection with such Mortgage Loans. The Company further agrees that it will not, and will not permit the Master Servicer to, and the Master Servicer agrees that it will not, alter the codes referenced in this paragraph with respect to any Mortgage Loan during the term of this Agreement unless and until such Mortgage Loan is repurchased in accordance with the terms of this Agreement.

(e) Residential Funding hereby assigns to the Trustee its security interest in and to any Additional Collateral or Pledged Assets, its right to receive amounts due or to become due in respect of any Additional Collateral or Pledged Assets pursuant to the related Subservicing Agreement and its rights as beneficiary under the Surety Bond in respect of any Additional Collateral Loans. With respect to any Additional Collateral Loan or Pledged Asset Loan, Residential Funding shall cause to be filed in the appropriate recording office a UCC-3 statement giving notice of the assignment of the related security interest to the Trust Fund and shall thereafter cause the timely filing of all necessary continuation statements with regard to such financing statements.

(f) It is intended that the conveyance by the Company to the Trustee of the Mortgage Loans as provided for in this Section 2.01 be and the Uncertificated REMIC Regular Interests, if any (as provided for in Section 2.06), be construed as a sale by the Company to the Trustee of the Mortgage Loans and any Uncertificated REMIC Regular Interests for the benefit of the

Certificateholders. Further, it is not intended that such conveyance be deemed to be a pledge of the Mortgage Loans and any Uncertificated REMIC Regular Interests by the Company to the Trustee to secure a debt or other obligation of the Company. Nonetheless, (a) this Agreement is intended to be and hereby is a security agreement within the meaning of Articles 8 and 9 of the New York Uniform Commercial Code and the Uniform Commercial Code of any other applicable jurisdiction; (b) the conveyance provided for in Section 2.01 shall be deemed to be, and hereby is, (1) a grant by the Company to the Trustee of a security interest in all of the Company's right (including the power to convey title thereto), title and interest, whether now owned or hereafter acquired, in and to any and all general intangibles, payment intangibles, accounts, chattel paper, instruments, documents, money, deposit accounts, certificates of deposit, goods, letters of credit, advices of credit and investment property and other property of whatever kind or description now existing or hereafter acquired consisting of, arising from or relating to any of the following: (A) the Mortgage Loans, including (i) with respect to each Cooperative Loan, the related Mortgage Note, Security Agreement, Assignment of Proprietary Lease, Cooperative Stock Certificate and Cooperative Lease, (ii) with respect to each Mortgage Loan other than a Cooperative Loan, the related Mortgage Note and Mortgage, and (iii) any insurance policies and all other documents in the related Mortgage File, (B) all amounts payable pursuant to the Mortgage Loans in accordance with the terms thereof, (C) any Uncertificated REMIC Regular Interests and (D) all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, including without limitation all amounts from time to time held or invested in the Certificate Account or the Custodial Account, whether in the form of cash, instruments, securities or other property and (2) an assignment by the Company to the Trustee of any security interest in any and all of Residential Funding's right (including the power to convey title thereto), title and interest, whether now owned or hereafter acquired, in and to the property described in the foregoing clauses (1)(A), (B), (C) and (D) granted by Residential Funding to the Company pursuant to the Assignment Agreement; (c) the possession by the Trustee, the Custodian or any other agent of the Trustee of Mortgage Notes or such other items of property as constitute instruments, money, payment intangibles, negotiable documents, goods, deposit accounts, letters of credit, advices of credit, investment property, certificated securities or chattel paper shall be deemed to be "possession by the secured party," or possession by a purchaser or a person designated by such secured party, for purposes of perfecting the security interest pursuant to the Minnesota Uniform Commercial Code and the Uniform Commercial Code of any other applicable jurisdiction as in effect (including, without limitation, Sections 8-106, 9-313, 9-314 and 9-106 thereof); and (d) notifications to persons holding such property, and acknowledgments, receipts or confirmations from persons holding such property, shall be deemed notifications to, or acknowledgments, receipts or confirmations from, securities intermediaries, bailees or agents of, or persons holding for (as applicable) the Trustee for the purpose of perfecting such security interest under applicable law.

The Company and, at the Company's direction, Residential Funding and the Trustee shall, to the extent consistent with this Agreement, take such reasonable actions as may be necessary to ensure that, if this Agreement were determined to create a security interest in the Mortgage Loans, any Uncertificated REMIC Regular Interests and the other property described above, such security interest would be determined to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement. Without limiting the generality of the foregoing, the Company shall prepare and deliver to the Trustee not less than 15 days prior to any filing date and, the Trustee shall forward

for filing, or shall cause to be forwarded for filing, at the expense of the Company, all filings necessary to maintain the effectiveness of any original filings necessary under the Uniform Commercial Code as in effect in any jurisdiction to perfect the Trustee's security interest in or lien on the Mortgage Loans and any Uncertificated REMIC Regular Interests, as evidenced by an Officers' Certificate of the Company, including without limitation (x) continuation statements, and (y) such other statements as may be occasioned by (1) any change of name of Residential Funding, the Company or the Trustee (such preparation and filing shall be at the expense of the Trustee, if occasioned by a change in the Trustee's name), (2) any change of type or jurisdiction of organization of Residential Funding or the Company, (3) any transfer of any interest of Residential Funding or the Company in any Mortgage Loan or (4) any transfer of any interest of Residential Funding or the Company in any Uncertificated REMIC Regular Interest.

(g) The Master Servicer hereby acknowledges the receipt by it of the Initial Monthly Payment Fund. The Master Servicer shall hold such Initial Monthly Payment Fund in the Custodial Account and shall include such Initial Monthly Payment Fund in the Available Distribution Amount for the initial Distribution Date. Notwithstanding anything herein to the contrary, the Initial Monthly Payment Fund shall not be an asset of any REMIC. To the extent that the Initial Monthly Payment Fund constitutes a reserve fund for federal income tax purposes, (1) it shall be an outside reserve fund and not an asset of any REMIC, (2) it shall be owned by the Seller and (3) amounts transferred by any REMIC to the Initial Monthly Payment Fund shall be treated as transferred to the Seller or any successor, all within the meaning of Section 1.860G-2(h) of the Treasury Regulations.

(h) The Company agrees that the sale of each Pledged Asset Loan pursuant to this Agreement will also constitute the assignment, sale, setting-over, transfer and conveyance to the Trustee, without recourse (but subject to the Company's covenants, representations and warranties specifically provided herein), of all of the Company's obligations and all of the Company's right, title and interest in, to and under, whether now existing or hereafter acquired as owner of the Mortgage Loan with respect to any and all money, securities, security entitlements, accounts, general intangibles, payment intangibles, instruments, documents, deposit accounts, certificates of deposit, commodities contracts, and other investment property and other property of whatever kind or description consisting of, arising from or related to (i) the Assigned Contracts, (ii) all rights, powers and remedies of the Company as owner of such Mortgage Loan under or in connection with the Assigned Contracts, whether arising under the terms of such Assigned Contracts, by statute, at law or in equity, or otherwise arising out of any default by the Mortgagor under or in connection with the Assigned Contracts, including all rights to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, approval or waiver thereunder, (iii) the Pledged Amounts and all money, securities, security entitlements, accounts, general intangibles, payment intangibles, instruments, documents, deposit accounts, certificates of deposit, commodities contracts, and other investment property and other property of whatever kind or description and all cash and non-cash proceeds of the sale, exchange, or redemption of, and all stock or conversion rights, rights to subscribe, liquidation dividends or preferences, stock dividends, rights to interest, dividends, earnings, income, rents, issues, profits, interest payments or other distributions of cash or other property that secures a Pledged Asset Loan, (iv) all documents, books and records concerning the foregoing (including all computer programs, tapes, disks and related items containing any such information) and (v) all insurance proceeds (including proceeds from the Federal Deposit

Insurance Corporation or the Securities Investor Protection Corporation or any other insurance company) of any of the foregoing or replacements thereof or substitutions therefor, proceeds of proceeds and the conversion, voluntary or involuntary, of any thereof. The foregoing transfer, sale, assignment and conveyance does not constitute and is not intended to result in the creation, or an assumption by the Trustee, of any obligation of the Company, or any other person in connection with the Pledged Assets or under any agreement or instrument relating thereto, including any obligation to the Mortgagor, other than as owner of the Mortgage Loan.

Section 2.02. Acceptance by Trustee.

The Trustee acknowledges receipt (or, with respect to Mortgage Loans subject to a Custodial Agreement, and based solely upon a receipt or certification executed by the Custodian, receipt by the respective Custodian as the duly appointed agent of the Trustee) of the documents referred to in Section 2.01(b)(i) above (except that for purposes of such acknowledgement only, a Mortgage Note may be endorsed in blank) and declares that it, or a Custodian as its agent, holds and will hold such documents and the other documents constituting a part of the Mortgage Files delivered to it, or a Custodian as its agent, and the rights of Residential Funding with respect to any Pledged Assets, Additional Collateral and the Surety Bond assigned to the Trustee pursuant to Section 2.01, in trust for the use and benefit of all present and future Certificateholders. The Trustee or Custodian (such Custodian being so obligated under a Custodial Agreement) agrees, for the benefit of Certificateholders, to review each Mortgage File delivered to it pursuant to Section 2.01(b) within 45 days after the Closing Date to ascertain that all required documents (specifically as set forth in Section 2.01(b)), have been executed and received, and that such documents relate to the Mortgage Loans identified on the Mortgage Loan Schedule, as supplemented, that have been conveyed to it, and to deliver to the Trustee a certificate (the "Interim Certification") to the effect that all documents required to be delivered pursuant to Section 2.01(b) above have been executed and received and that such documents relate to the Mortgage Loans identified on the Mortgage Loan Schedule, except for any exceptions listed on Schedule A attached to such Interim Certification. Upon delivery of the Mortgage Files by the Company or the Master Servicer, the Trustee shall acknowledge receipt (or, with respect to Mortgage Loans subject to a Custodial Agreement, and based solely upon a receipt or certification executed by the Custodian, receipt by the respective Custodian as the duly appointed agent of the Trustee) of the documents referred to in Section 2.01(c) above.

If the Custodian, as the Trustee's agent, finds any document or documents constituting a part of a Mortgage File to be missing or defective, the Trustee shall promptly so notify the Master Servicer and the Company. Pursuant to Section 2.3 of the Custodial Agreement, the Custodian will notify the Master Servicer, the Company and the Trustee of any such omission or defect found by it in respect of any Mortgage File held by it in respect of the items reviewed by it pursuant to the Custodial Agreement. If such omission or defect materially and adversely affects the interests of the Certificateholders, the Master Servicer shall promptly notify Residential Funding of such omission or defect and request Residential Funding to correct or cure such omission or defect within 60 days from the date the Master Servicer was notified of such omission or defect and, if Residential Funding does not correct or cure such omission or defect within such period, require Residential Funding to purchase such Mortgage Loan from the Trust Fund at its Purchase Price, within 90 days from the date the Master Servicer was notified of such omission or defect; provided that if the omission or defect would cause the Mortgage Loan to be

other than a "qualified mortgage" as defined in Section 860G(a)(3) of the Code, any such cure or repurchase must occur within 90 days from the date such breach was discovered. The Purchase Price for any such Mortgage Loan shall be deposited by the Master Servicer in the Custodial Account maintained by it pursuant to Section 3.07 and, upon receipt by the Trustee of written notification of such deposit signed by a Servicing Officer, the Trustee or any Custodian, as the case may be, shall release to Residential Funding the related Mortgage File and the Trustee shall execute and deliver such instruments of transfer or assignment prepared by the Master Servicer, in each case without recourse, as shall be necessary to vest in Residential Funding or its designee any Mortgage Loan released pursuant hereto and thereafter such Mortgage Loan shall not be part of the Trust Fund. It is understood and agreed that the obligation of Residential Funding to so cure or purchase any Mortgage Loan as to which a material and adverse defect in or omission of a constituent document exists shall constitute the sole remedy respecting such defect or omission available to Certificateholders or the Trustee on behalf of the Certificateholders.

Section 2.03. Representations, Warranties and Covenants of the Master Servicer and the Company.

(a) The Master Servicer hereby represents and warrants to the Trustee for the benefit of the Certificateholders that:

(i) The Master Servicer is a corporation duly organized, validly existing and in good standing under the laws governing its creation and existence and is or will be in compliance with the laws of each state in which any Mortgaged Property is located to the extent necessary to ensure the enforceability of each Mortgage Loan in accordance with the terms of this Agreement;

(ii) The execution and delivery of this Agreement by the Master Servicer and its performance and compliance with the terms of this Agreement will not violate the Master Servicer's Certificate of Incorporation or Bylaws or constitute a material default (or an event which, with notice or lapse of time, or both, would constitute a material default) under, or result in the material breach of, any material contract, agreement or other instrument to which the Master Servicer is a party or which may be applicable to the Master Servicer or any of its assets;

(iii) This Agreement, assuming due authorization, execution and delivery by the Trustee and the Company, constitutes a valid, legal and binding obligation of the Master Servicer, enforceable against it in accordance with the terms hereof subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally and to general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law;

(iv) The Master Servicer is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Master Servicer or its properties or might have consequences that would materially adversely affect its performance hereunder;

(v) No litigation is pending or, to the best of the Master Servicer's knowledge, threatened against the Master Servicer which would prohibit its entering into this Agreement or performing its obligations under this Agreement;

(vi) The Master Servicer will comply in all material respects in the performance of this Agreement with all reasonable rules and requirements of each insurer under each Required Insurance Policy;

(vii) No information, certificate of an officer, statement furnished in writing or report delivered to the Company, any Affiliate of the Company or the Trustee by the Master Servicer will, to the knowledge of the Master Servicer, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading;

(viii) The Master Servicer has examined each existing, and will examine each new, Subservicing Agreement and is or will be familiar with the terms thereof. The terms of each existing Subservicing Agreement and each designated Subservicer are acceptable to the Master Servicer and any new Subservicing Agreements will comply with the provisions of Section 3.02; and

(ix) The Master Servicer is a member of MERS in good standing, and will comply in all material respects with the rules and procedures of MERS in connection with the servicing of the Mortgage Loans that are registered with MERS.

It is understood and agreed that the representations and warranties set forth in this Section 2.03(a) shall survive delivery of the respective Mortgage Files to the Trustee or any Custodian.

Upon discovery by either the Company, the Master Servicer, the Trustee or any Custodian of a breach of any representation or warranty set forth in this Section 2.03(a) which materially and adversely affects the interests of the Certificateholders in any Mortgage Loan, the party discovering such breach shall give prompt written notice to the other parties (any Custodian being so obligated under a Custodial Agreement). Within 90 days of its discovery or its receipt of notice of such breach, the Master Servicer shall either (i) cure such breach in all material respects or (ii) to the extent that such breach is with respect to a Mortgage Loan or a related document, purchase such Mortgage Loan from the Trust Fund at the Purchase Price and in the manner set forth in Section 2.02; provided that if the omission or defect would cause the Mortgage Loan to be other than a "qualified mortgage" as defined in Section 860G(a)(3) of the Code, any such cure or repurchase must occur within 90 days from the date such breach was discovered. The obligation of the Master Servicer to cure such breach or to so purchase such Mortgage Loan shall constitute the sole remedy in respect of a breach of a representation and warranty set forth in this Section 2.03(a) available to the Certificateholders or the Trustee on behalf of the Certificateholders.

(b) Representations and warranties relating to the Mortgage Loans are set forth in Section 2.03(b) of the Series Supplement.

Section 2.04. Representations and Warranties of Residential Funding.

The Company, as assignee of Residential Funding under the Assignment Agreement, hereby assigns to the Trustee for the benefit of Certificateholders all of its right, title and interest in respect of the Assignment Agreement applicable to a Mortgage Loan. Insofar as the Assignment Agreement relates to the representations and warranties made by Residential Funding in respect of such Mortgage Loan and any remedies provided thereunder for any breach of such representations and warranties, such right, title and interest may be enforced by the Master Servicer on behalf of the Trustee and the Certificateholders. Upon the discovery by the Company, the Master Servicer, the Trustee or any Custodian of a breach of any of the representations and warranties made in the Assignment Agreement (which, for purposes hereof, will be deemed to include any other cause giving rise to a repurchase obligation under the Assignment Agreement) in respect of any Mortgage Loan which materially and adversely affects the interests of the Certificateholders in such Mortgage Loan, the party discovering such breach shall give prompt written notice to the other parties (any Custodian being so obligated under a Custodial Agreement). The Master Servicer shall promptly notify Residential Funding of such breach and request that Residential Funding either (i) cure such breach in all material respects within 90 days from the date the Master Servicer was notified of such breach or (ii) purchase such Mortgage Loan from the Trust Fund at the Purchase Price and in the manner set forth in Section 2.02; provided that Residential Funding shall have the option to substitute a Qualified Substitute Mortgage Loan or Loans for such Mortgage Loan if such substitution occurs within two years following the Closing Date; provided that if the breach would cause the Mortgage Loan to be other than a "qualified mortgage" as defined in Section 860G(a)(3) of the Code, any such cure, repurchase or substitution must occur within 90 days from the date the breach was discovered. If a breach of the Compliance With Laws Representation has given rise to the obligation to repurchase or substitute a Mortgage Loan pursuant to Section 4 of the Assignment Agreement, then the Master Servicer shall request that Residential Funding pay to the Trust Fund, concurrently with and in addition to the remedies provided in the preceding sentence, an amount equal to any liability, penalty or expense that was actually incurred and paid out of or on behalf of the Trust Fund, and that directly resulted from such breach, or if incurred and paid by the Trust Fund thereafter, concurrently with such payment. In the event that Residential Funding elects to substitute a Qualified Substitute Mortgage Loan or Loans for a Deleted Mortgage Loan pursuant to this Section 2.04, Residential Funding shall deliver to the Trustee or the Custodian for the benefit of the Certificateholders with respect to such Qualified Substitute Mortgage Loan or Loans, the original Mortgage Note, the Mortgage, an Assignment of the Mortgage in recordable form, if required pursuant to Section 2.01, and such other documents and agreements as are required by Section 2.01, with the Mortgage Note endorsed as required by Section 2.01. No substitution will be made in any calendar month after the Determination Date for such month. Monthly Payments due with respect to Qualified Substitute Mortgage Loans in the month of substitution shall not be part of the Trust Fund and will be retained by the Master Servicer and remitted by the Master Servicer to Residential Funding on the next succeeding Distribution Date. For the month of substitution, distributions to the Certificateholders will include the Monthly Payment due on a Deleted Mortgage Loan for such month and thereafter Residential Funding shall be entitled to retain all amounts received in respect of such Deleted Mortgage Loan. The Master Servicer shall amend or cause to be amended the Mortgage Loan Schedule, and, if the Deleted Mortgage Loan was a Discount Mortgage Loan, the Schedule of Discount Fractions, for the benefit of the Certificateholders to reflect the removal of such Deleted Mortgage Loan and

the substitution of the Qualified Substitute Mortgage Loan or Loans and the Master Servicer shall deliver the amended Mortgage Loan Schedule, and, if the Deleted Mortgage Loan was a Discount Mortgage Loan, the amended Schedule of Discount Fractions, to the Trustee. Upon such substitution, the Qualified Substitute Mortgage Loan or Loans shall be subject to the terms of this Agreement and the related Subservicing Agreement in all respects, Residential Funding shall be deemed to have made the representations and warranties with respect to the Qualified Substitute Mortgage Loan contained in the related Assignment Agreement, and the Company and the Master Servicer shall be deemed to have made with respect to any Qualified Substitute Mortgage Loan or Loans, as of the date of substitution, the covenants, representations and warranties set forth in this Section 2.04, in Section 2.03 hereof and in Section 4 of the Assignment Agreement, and the Master Servicer shall be obligated to repurchase or substitute for any Qualified Substitute Mortgage Loan as to which a Repurchase Event (as defined in the Assignment Agreement) has occurred pursuant to Section 4 of the Assignment Agreement.

In connection with the substitution of one or more Qualified Substitute Mortgage Loans for one or more Deleted Mortgage Loans, the Master Servicer will determine the amount (if any) by which the aggregate principal balance of all such Qualified Substitute Mortgage Loans as of the date of substitution is less than the aggregate Stated Principal Balance of all such Deleted Mortgage Loans (in each case after application of the principal portion of the Monthly Payments due in the month of substitution that are to be distributed to the Certificateholders in the month of substitution). Residential Funding shall deposit the amount of such shortfall into the Custodial Account on the day of substitution, without any reimbursement therefor. Residential Funding shall give notice in writing to the Trustee of such event, which notice shall be accompanied by an Officers' Certificate as to the calculation of such shortfall and (subject to Section 10.01(f)) by an Opinion of Counsel to the effect that such substitution will not cause (a) any federal tax to be imposed on the Trust Fund, including without limitation, any federal tax imposed on "prohibited transactions" under Section 860F(a)(1) of the Code or on "contributions after the startup date" under Section 860G(d)(1) of the Code or (b) any portion of any REMIC to fail to qualify as such at any time that any Certificate is outstanding.

It is understood and agreed that the obligation of Residential Funding to cure such breach or purchase, or to substitute for, a Mortgage Loan as to which such a breach has occurred and is continuing and to make any additional payments required under the Assignment Agreement in connection with a breach of the Compliance With Laws Representation shall constitute the sole remedy respecting such breach available to the Certificateholders or the Trustee on behalf of Certificateholders. If the Master Servicer is Residential Funding, then the Trustee shall also have the right to give the notification and require the purchase or substitution provided for in the second preceding paragraph in the event of such a breach of a representation or warranty made by Residential Funding in the Assignment Agreement. In connection with the purchase of or substitution for any such Mortgage Loan by Residential Funding, the Trustee shall assign to Residential Funding all of the Trustee's right, title and interest in respect of the Assignment Agreement applicable to such Mortgage Loan.

Section 2.05. Execution and Authentication of Certificates/Issuance of Certificates Evidencing Interests in REMIC I Certificates.

As provided in Section 2.05 of the Series Supplement.

Section 2.06. Conveyance of Uncertificated REMIC I and REMIC II Regular Interests; Acceptance by the Trustee.

As provided in Section 2.06 of the Series Supplement.

Section 2.07. Issuance of Certificates Evidencing Interests in REMIC II.

As provided in Section 2.07 of the Series Supplement.

Section 2.08. Purposes and Powers of the Trust.

The purpose of the trust, as created hereunder, is to engage in the following activities:

(a) to sell the Certificates to the Company in exchange for the Mortgage Loans;

(b) to enter into and perform its obligations under this Agreement;

(c) to engage in those activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith; and

(d) subject to compliance with this Agreement, to engage in such other activities as may be required in connection with conservation of the Trust Fund and the making of distributions to the Certificateholders.

The trust is hereby authorized to engage in the foregoing activities. Notwithstanding the provisions of Section 11.01, the trust shall not engage in any activity other than in connection with the foregoing or other than as required or authorized by the terms of this Agreement while any Certificate is outstanding, and this Section 2.08 may not be amended, without the consent of the Certificateholders evidencing a majority of the aggregate Voting Rights of the Certificates.

ARTICLE III

ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

Section 3.01. Master Servicer to Act as Servicer.

(a) The Master Servicer shall service and administer the Mortgage Loans in accordance with the terms of this Agreement and the respective Mortgage Loans and shall have full power and authority, acting alone or through Subservicers as provided in Section 3.02, to do any and all things which it may deem necessary or desirable in connection with such servicing and administration. Without limiting the generality of the foregoing, the Master Servicer in its own name or in the name of a Subservicer is hereby authorized and empowered by the Trustee when the Master Servicer or the Subservicer, as the case may be, believes it appropriate in its best judgment, to execute and deliver, on behalf of the Certificateholders and the Trustee or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, or of consent to assumption or modification in connection with a proposed

conveyance, or of assignment of any Mortgage and Mortgage Note in connection with the repurchase of a Mortgage Loan and all other comparable instruments, or with respect to the modification or re-recording of a Mortgage for the purpose of correcting the Mortgage, the subordination of the lien of the Mortgage in favor of a public utility company or government agency or unit with powers of eminent domain, the taking of a deed in lieu of foreclosure, the commencement, prosecution or completion of judicial or non-judicial foreclosure, the conveyance of a Mortgaged Property to the related Insurer, the acquisition of any property acquired by foreclosure or deed in lieu of foreclosure, or the management, marketing and conveyance of any property acquired by foreclosure or deed in lieu of foreclosure with respect to the Mortgage Loans and with respect to the Mortgaged Properties. The Master Servicer further is authorized and empowered by the Trustee, on behalf of the Certificateholders and the Trustee, in its own name or in the name of the Subservicer, when the Master Servicer or the Subservicer, as the case may be, believes it appropriate in its best judgment to register any Mortgage Loan on the MERS® System, or cause the removal from the registration of any Mortgage Loan on the MERS® System, to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of assignment and other comparable instruments with respect to such assignment or re-recording of a Mortgage in the name of MERS, solely as nominee for the Trustee and its successors and assigns. Any expenses incurred in connection with the actions described in the preceding sentence shall be borne by the Master Servicer in accordance with Section 3.16(c), with no right of reimbursement; provided, that if, as a result of MERS discontinuing or becoming unable to continue operations in connection with the MERS System, it becomes necessary to remove any Mortgage Loan from registration on the MERS System and to arrange for the assignment of the related Mortgages to the Trustee, then any related expenses shall be reimbursable to the Master Servicer. Notwithstanding the foregoing, subject to Section 3.07(a), the Master Servicer shall not permit any modification with respect to any Mortgage Loan that would both constitute a sale or exchange of such Mortgage Loan within the meaning of Section 1001 of the Code and any proposed, temporary or final regulations promulgated thereunder (other than in connection with a proposed conveyance or assumption of such Mortgage Loan that is treated as a Principal Prepayment in Full pursuant to Section 3.13(d) hereof) and cause any REMIC formed under the Series Supplement to fail to qualify as a REMIC under the Code. The Trustee shall furnish the Master Servicer with any powers of attorney and other documents necessary or appropriate to enable the Master Servicer to service and administer the Mortgage Loans. The Trustee shall not be liable for any action taken by the Master Servicer or any Subservicer pursuant to such powers of attorney. In servicing and administering any Nonsubserviced Mortgage Loan, the Master Servicer shall, to the extent not inconsistent with this Agreement, comply with the Program Guide as if it were the originator of such Mortgage Loan and had retained the servicing rights and obligations in respect thereof. In connection with servicing and administering the Mortgage Loans, the Master Servicer and any Affiliate of the Master Servicer (i) may perform services such as appraisals and brokerage services that are not customarily provided by servicers of mortgage loans, and shall be entitled to reasonable compensation therefor in accordance with Section 3.10 and (ii) may, at its own discretion and on behalf of the Trustee, obtain credit information in the form of a "credit score" from a credit repository.

(b) All costs incurred by the Master Servicer or by Subservicers in effecting the timely payment of taxes and assessments on the properties subject to the Mortgage Loans shall not, for the purpose of calculating monthly distributions to the Certificateholders, be added to the

amount owing under the related Mortgage Loans, notwithstanding that the terms of such Mortgage Loan so permit, and such costs shall be recoverable to the extent permitted by Section 3.10(a)(ii).

(c) The Master Servicer may enter into one or more agreements in connection with the offering of pass-through certificates evidencing interests in one or more of the Certificates providing for the payment by the Master Servicer of amounts received by the Master Servicer as servicing compensation hereunder and required to cover certain Prepayment Interest Shortfalls on the Mortgage Loans, which payment obligation will thereafter be an obligation of the Master Servicer hereunder.

Section 3.02. Subservicing Agreements Between Master Servicer and Subservicers; Enforcement of Subservicers' and Sellers' Obligations.

(a) The Master Servicer may continue in effect Subservicing Agreements entered into by Residential Funding and Subservicers prior to the execution and delivery of this Agreement, and may enter into new Subservicing Agreements with Subservicers, for the servicing and administration of all or some of the Mortgage Loans. Each Subservicer of a Mortgage Loan shall be entitled to receive and retain, as provided in the related Subservicing Agreement and in Section 3.07, the related Subservicing Fee from payments of interest received on such Mortgage Loan after payment of all amounts required to be remitted to the Master Servicer in respect of such Mortgage Loan. For any Mortgage Loan that is a Nonsubserviced Mortgage Loan, the Master Servicer shall be entitled to receive and retain an amount equal to the Subservicing Fee from payments of interest. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Master Servicer in servicing the Mortgage Loans include actions taken or to be taken by a Subservicer on behalf of the Master Servicer. Each Subservicing Agreement will be upon such terms and conditions as are generally required or permitted by the Program Guide and are not inconsistent with this Agreement and as the Master Servicer and the Subservicer have agreed. A representative form of Subservicing Agreement is attached hereto as Exhibit E. With the approval of the Master Servicer, a Subservicer may delegate its servicing obligations to third-party servicers, but such Subservicer will remain obligated under the related Subservicing Agreement. The Master Servicer and a Subservicer may enter into amendments thereto or a different form of Subservicing Agreement, and the form referred to or included in the Program Guide is merely provided for information and shall not be deemed to limit in any respect the discretion of the Master Servicer to modify or enter into different Subservicing Agreements; provided, however, that any such amendments or different forms shall be consistent with and not violate the provisions of either this Agreement or the Program Guide in a manner which would materially and adversely affect the interests of the Certificateholders. The Program Guide and any other Subservicing Agreement entered into between the Master Servicer and any Subservicer shall require the Subservicer to accurately and fully report its borrower credit files to each of the Credit Repositories in a timely manner.

(b) As part of its servicing activities hereunder, the Master Servicer, for the benefit of the Trustee and the Certificateholders, shall use its best reasonable efforts to enforce the obligations of each Subservicer under the related Subservicing Agreement and of each Seller under the related Seller's Agreement insofar as the Company's rights with respect to Seller's obligation has been assigned to the Trustee hereunder, to the extent that the non-performance of

any such Seller's obligation would have a material and adverse effect on a Mortgage Loan, including, without limitation, the obligation to purchase a Mortgage Loan on account of defective documentation, as described in Section 2.02, or on account of a breach of a representation or warranty, as described in Section 2.04. Such enforcement, including, without limitation, the legal prosecution of claims, termination of Subservicing Agreements or Seller's Agreements, as appropriate, and the pursuit of other appropriate remedies, shall be in such form and carried out to such an extent and at such time as the Master Servicer would employ in its good faith business judgment and which are normal and usual in its general mortgage servicing activities. The Master Servicer shall pay the costs of such enforcement at its own expense, and shall be reimbursed therefor only (i) from a general recovery resulting from such enforcement to the extent, if any, that such recovery exceeds all amounts due in respect of the related Mortgage Loan or (ii) from a specific recovery of costs, expenses or attorneys fees against the party against whom such enforcement is directed. For purposes of clarification only, the parties agree that the foregoing is not intended to, and does not, limit the ability of the Master Servicer to be reimbursed for expenses that are incurred in connection with the enforcement of a Seller's obligations (insofar as the Company's rights with respect to such Seller's obligations have been assigned to the Trustee hereunder) and are reimbursable pursuant to Section 3.10(a)(viii).

Section 3.03. Successor Subservicers.

The Master Servicer shall be entitled to terminate any Subservicing Agreement that may exist in accordance with the terms and conditions of such Subservicing Agreement and without any limitation by virtue of this Agreement; provided, however, that in the event of termination of any Subservicing Agreement by the Master Servicer or the Subservicer, the Master Servicer shall either act as servicer of the related Mortgage Loan or enter into a Subservicing Agreement with a successor Subservicer which will be bound by the terms of the related Subservicing Agreement. If the Master Servicer or any Affiliate of Residential Funding acts as servicer, it will not assume liability for the representations and warranties of the Subservicer which it replaces. If the Master Servicer enters into a Subservicing Agreement with a successor Subservicer, the Master Servicer shall use reasonable efforts to have the successor Subservicer assume liability for the representations and warranties made by the terminated Subservicer in respect of the related Mortgage Loans and, in the event of any such assumption by the successor Subservicer, the Master Servicer may, in the exercise of its business judgment, release the terminated Subservicer from liability for such representations and warranties.

Section 3.04. Liability of the Master Servicer.

Notwithstanding any Subservicing Agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Master Servicer or a Subservicer or reference to actions taken through a Subservicer or otherwise, the Master Servicer shall remain obligated and liable to the Trustee and the Certificateholders for the servicing and administering of the Mortgage Loans in accordance with the provisions of Section 3.01 without diminution of such obligation or liability by virtue of such Subservicing Agreements or arrangements or by virtue of indemnification from the Subservicer or the Company and to the same extent and under the same terms and conditions as if the Master Servicer alone were servicing and administering the Mortgage Loans. The Master Servicer shall be entitled to enter into any agreement with a

Subservicer or Seller for indemnification of the Master Servicer and nothing contained in this Agreement shall be deemed to limit or modify such indemnification.

Section 3.05. No Contractual Relationship Between Subservicer and Trustee or Certificateholders.

Any Subservicing Agreement that may be entered into and any other transactions or services relating to the Mortgage Loans involving a Subservicer in its capacity as such and not as an originator shall be deemed to be between the Subservicer and the Master Servicer alone and the Trustee and the Certificateholders shall not be deemed parties thereto and shall have no claims, rights, obligations, duties or liabilities with respect to the Subservicer in its capacity as such except as set forth in Section 3.06. The foregoing provision shall not in any way limit a Subservicer's obligation to cure an omission or defect or to repurchase a Mortgage Loan as referred to in Section 2.02 hereof.

Section 3.06. Assumption or Termination of Subservicing Agreements by Trustee.

(a) If the Master Servicer shall for any reason no longer be the master servicer (including by reason of an Event of Default), the Trustee, its designee or its successor shall thereupon assume all of the rights and obligations of the Master Servicer under each Subservicing Agreement that may have been entered into. The Trustee, its designee or the successor servicer for the Trustee shall be deemed to have assumed all of the Master Servicer's interest therein and to have replaced the Master Servicer as a party to the Subservicing Agreement to the same extent as if the Subservicing Agreement had been assigned to the assuming party except that the Master Servicer shall not thereby be relieved of any liability or obligations under the Subservicing Agreement.

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

Section 3.07. Collection of Certain Mortgage Loan Payments; Deposits to Custodial Account.

(a) The Master Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Mortgage Loans, and shall, to the extent such procedures shall be consistent with this Agreement and the terms and provisions of any related Primary Insurance Policy, follow such collection procedures as it would employ in its good faith business judgment and which are normal and usual in its general mortgage servicing activities. Consistent with the foregoing, the Master Servicer may in its discretion (i) waive any late payment charge or any prepayment charge or penalty interest in connection with the prepayment of a Mortgage Loan and (ii) extend the Due Date for payments due on a Mortgage Loan in accordance with the Program Guide; provided, however, that the Master Servicer shall first determine that any such waiver or extension will not impair the coverage of any related Primary Insurance Policy or materially adversely affect the lien of the related Mortgage. Notwithstanding

anything in this Section to the contrary, the Master Servicer shall not enforce any prepayment charge to the extent that such enforcement would violate any applicable law. In the event of any such arrangement, the Master Servicer shall make timely advances on the related Mortgage Loan during the scheduled period in accordance with the amortization schedule of such Mortgage Loan without modification thereof by reason of such arrangements unless otherwise agreed to by the Holders of the Classes of Certificates affected thereby; provided, however, that no such extension shall be made if any such advance would be a Nonrecoverable Advance. Consistent with the terms of this Agreement, the Master Servicer may also waive, modify or vary any term of any Mortgage Loan or consent to the postponement of strict compliance with any such term or in any manner grant indulgence to any Mortgagor if in the Master Servicer's determination such waiver, modification, postponement or indulgence is not materially adverse to the interests of the Certificateholders (taking into account any estimated Realized Loss that might result absent such action); provided, however, that the Master Servicer may not modify materially or permit any Subservicer to modify any Mortgage Loan, including without limitation any modification that would change the Mortgage Rate, forgive the payment of any principal or interest (unless in connection with the liquidation of the related Mortgage Loan or except in connection with prepayments to the extent that such reamortization is not inconsistent with the terms of the Mortgage Loan), capitalize any amounts owing on the Mortgage Loan by adding such amount to the outstanding principal balance of the Mortgage Loan, or extend the final maturity date of such Mortgage Loan, unless such Mortgage Loan is in default or, in the judgment of the Master Servicer, such default is reasonably foreseeable; provided, further, that (1) no such modification shall reduce the interest rate on a Mortgage Loan below one-half of the Mortgage Rate as in effect on the Cut-off Date, but not less than the sum of the rates at which the Servicing Fee and the Subservicing Fee with respect to such Mortgage Loan accrues plus the rate at which the premium paid to the Certificate Insurer, if any, accrues, (2) the final maturity date for any Mortgage Loan shall not be extended beyond the Maturity Date, (3) the Stated Principal Balance of all Reportable Modified Mortgage Loans subject to Servicing Modifications (measured at the time of the Servicing Modification and after giving effect to any Servicing Modification) can be no more than five percent of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date, unless such limit is increased from time to time with the consent of the Rating Agencies and the Certificate Insurer, if any. In addition, any amounts owing on a Mortgage Loan added to the outstanding principal balance of such Mortgage Loan must be fully amortized over the remaining term of such Mortgage Loan, and such amounts may be added to the outstanding principal balance of a Mortgage Loan only once during the life of such Mortgage Loan. Also, the addition of such amounts described in the preceding sentence shall be implemented in accordance with the Program Guide and may be implemented only by Subservicers that have been approved by the Master Servicer for such purpose. In connection with any Curtailment of a Mortgage Loan, the Master Servicer, to the extent not inconsistent with the terms of the Mortgage Note and local law and practice, may permit the Mortgage Loan to be reamortized such that the Monthly Payment is recalculated as an amount that will fully amortize the remaining Stated Principal Balance thereof by the original Maturity Date based on the original Mortgage Rate; provided, that such re-amortization shall not be permitted if it would constitute a reissuance of the Mortgage Loan for federal income tax purposes, except if such reissuance is described in Treasury Regulation Section 1.860G-2(b)(3).

(b) The Master Servicer shall establish and maintain a Custodial Account in which the Master Servicer shall deposit or cause to be deposited on a daily basis, except as otherwise

specifically provided herein, the following payments and collections remitted by Subservicers or received by it in respect of the Mortgage Loans subsequent to the Cut-off Date (other than in respect of principal and interest on the Mortgage Loans due on or before the Cut-off Date):

(i) All payments on account of principal, including Principal Prepayments made by Mortgagors on the Mortgage Loans and the principal component of any Subservicer Advance or of any REO Proceeds received in connection with an REO Property for which an REO Disposition has occurred;

(ii) All payments on account of interest at the Adjusted Mortgage Rate on the Mortgage Loans, including Buydown Funds, if any, and the interest component of any Subservicer Advance or of any REO Proceeds received in connection with an REO Property for which an REO Disposition has occurred;

(iii) Insurance Proceeds, Subsequent Recoveries and Liquidation Proceeds (net of any related expenses of the Subservicer);

(iv) All proceeds of any Mortgage Loans purchased pursuant to Section 2.02, 2.03, 2.04 or 4.07 (including amounts received from Residential Funding pursuant to the last paragraph of Section 4 of the Assignment Agreement in respect of any liability, penalty or expense that resulted from a breach of the Compliance With Laws Representation and all amounts required to be deposited in connection with the substitution of a Qualified Substitute Mortgage Loan pursuant to Section 2.03 or 2.04;

(v) Any amounts required to be deposited pursuant to Section 3.07(c) or 3.21;

(vi) All amounts transferred from the Certificate Account to the Custodial Account in accordance with Section 4.02(a);

(vii) Any amounts realized by the Subservicer and received by the Master Servicer in respect of any Additional Collateral; and

(viii) Any amounts received by the Master Servicer in respect of Pledged Assets.

The foregoing requirements for deposit in the Custodial Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments on the Mortgage Loans which are not part of the Trust Fund (consisting of payments in respect of principal and interest on the Mortgage Loans due on or before the Cut-off Date) and payments or collections in the nature of prepayment charges or late payment charges or assumption fees may but need not be deposited by the Master Servicer in the Custodial Account. In the event any amount not required to be deposited in the Custodial Account is so deposited, the Master Servicer may at any time withdraw such amount from the Custodial Account, any provision herein to the contrary notwithstanding. The Custodial Account may contain funds that belong to one or more trust funds created for mortgage pass-through certificates of other series and may contain other funds respecting payments on mortgage loans belonging to the Master Servicer or serviced or master serviced by it on behalf of others. Notwithstanding such commingling of

funds, the Master Servicer shall keep records that accurately reflect the funds on deposit in the Custodial Account that have been identified by it as being attributable to the Mortgage Loans.

With respect to Insurance Proceeds, Liquidation Proceeds, REO Proceeds and the proceeds of the purchase of any Mortgage Loan pursuant to Sections 2.02, 2.03, 2.04 and 4.07 received in any calendar month, the Master Servicer may elect to treat such amounts as included in the Available Distribution Amount for the Distribution Date in the month of receipt, but is not obligated to do so. If the Master Servicer so elects, such amounts will be deemed to have been received (and any related Realized Loss shall be deemed to have occurred) on the last day of the month prior to the receipt thereof.

(c) The Master Servicer shall use its best efforts to cause the institution maintaining the Custodial Account to invest the funds in the Custodial Account attributable to the Mortgage Loans in Permitted Investments which shall mature not later than the Certificate Account Deposit Date next following the date of such investment (with the exception of the Amount Held for Future Distribution) and which shall not be sold or disposed of prior to their maturities. All income and gain realized from any such investment shall be for the benefit of the Master Servicer as additional servicing compensation and shall be subject to its withdrawal or order from time to time. The amount of any losses incurred in respect of any such investments attributable to the investment of amounts in respect of the Mortgage Loans shall be deposited in the Custodial Account by the Master Servicer out of its own funds immediately as realized without any right of reimbursement.

(d) The Master Servicer shall give notice to the Trustee and the Company of any change in the location of the Custodial Account and the location of the Certificate Account prior to the use thereof.

Section 3.08. Subservicing Accounts; Servicing Accounts.

(a) In those cases where a Subservicer is servicing a Mortgage Loan pursuant to a Subservicing Agreement, the Master Servicer shall cause the Subservicer, pursuant to the Subservicing Agreement, to establish and maintain one or more Subservicing Accounts which shall be an Eligible Account or, if such account is not an Eligible Account, shall generally satisfy the requirements of the Program Guide and be otherwise acceptable to the Master Servicer and each Rating Agency. The Subservicer will be required thereby to deposit into the Subservicing Account on a daily basis all proceeds of Mortgage Loans received by the Subservicer, less its Subservicing Fees and unreimbursed advances and expenses, to the extent permitted by the Subservicing Agreement. If the Subservicing Account is not an Eligible Account, the Master Servicer shall be deemed to have received such monies upon receipt thereof by the Subservicer. The Subservicer shall not be required to deposit in the Subservicing Account payments or collections in the nature of prepayment charges or late charges or assumption fees. On or before the date specified in the Program Guide, but in no event later than the Determination Date, the Master Servicer shall cause the Subservicer, pursuant to the Subservicing Agreement, to remit to the Master Servicer for deposit in the Custodial Account all funds held in the Subservicing Account with respect to each Mortgage Loan serviced by such Subservicer that are required to be remitted to the Master Servicer. The Subservicer will also be required, pursuant to the Subservicing Agreement, to advance on such scheduled date of remittance amounts equal to any

scheduled monthly installments of principal and interest less its Subservicing Fees on any Mortgage Loans for which payment was not received by the Subservicer. This obligation to advance with respect to each Mortgage Loan will continue up to and including the first of the month following the date on which the related Mortgaged Property is sold at a foreclosure sale or is acquired by the Trust Fund by deed in lieu of foreclosure or otherwise. All such advances received by the Master Servicer shall be deposited promptly by it in the Custodial Account.

(b) The Subservicer may also be required, pursuant to the Subservicing Agreement, to remit to the Master Servicer for deposit in the Custodial Account interest at the Adjusted Mortgage Rate (or Modified Net Mortgage Rate plus the rate per annum at which the Servicing Fee accrues in the case of a Modified Mortgage Loan) on any Curtailment received by such Subservicer in respect of a Mortgage Loan from the related Mortgagor during any month that is to be applied by the Subservicer to reduce the unpaid principal balance of the related Mortgage Loan as of the first day of such month, from the date of application of such Curtailment to the first day of the following month. Any amounts paid by a Subservicer pursuant to the preceding sentence shall be for the benefit of the Master Servicer as additional servicing compensation and shall be subject to its withdrawal or order from time to time pursuant to Sections 3.10(a)(iv) and (v).

(c) In addition to the Custodial Account and the Certificate Account, the Master Servicer shall for any Nonsubserviced Mortgage Loan, and shall cause the Subservicers for Subserviced Mortgage Loans to, establish and maintain one or more Servicing Accounts and deposit and retain therein all collections from the Mortgagors (or advances from Subservicers) for the payment of taxes, assessments, hazard insurance premiums, Primary Insurance Policy premiums, if applicable, or comparable items for the account of the Mortgagors. Each Servicing Account shall satisfy the requirements for a Subservicing Account and, to the extent permitted by the Program Guide or as is otherwise acceptable to the Master Servicer, may also function as a Subservicing Account. Withdrawals of amounts related to the Mortgage Loans from the Servicing Accounts may be made only to effect timely payment of taxes, assessments, hazard insurance premiums, Primary Insurance Policy premiums, if applicable, or comparable items, to reimburse the Master Servicer or Subservicer out of related collections for any payments made pursuant to Sections 3.11 (with respect to the Primary Insurance Policy) and 3.12(a) (with respect to hazard insurance), to refund to any Mortgagors any sums as may be determined to be overages, to pay interest, if required, to Mortgagors on balances in the Servicing Account or to clear and terminate the Servicing Account at the termination of this Agreement in accordance with Section 9.01 or in accordance with the Program Guide. As part of its servicing duties, the Master Servicer shall, and the Subservicers will, pursuant to the Subservicing Agreements, be required to pay to the Mortgagors interest on funds in this account to the extent required by law.

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

Section 3.09. Access to Certain Documentation and Information Regarding the Mortgage Loans.

If compliance with this Section 3.09 shall make any Class of Certificates legal for investment by federally insured savings and loan associations, the Master Servicer shall provide, or cause the Subservicers to provide, to the Trustee, the Office of Thrift Supervision or the FDIC and the supervisory agents and examiners thereof access to the documentation regarding the Mortgage Loans required by applicable regulations of the Office of Thrift Supervision, such access being afforded without charge but only upon reasonable request and during normal business hours at the offices designated by the Master Servicer. The Master Servicer shall permit such representatives to photocopy any such documentation and shall provide equipment for that purpose at a charge reasonably approximating the cost of such photocopying to the Master Servicer.

Section 3.10. Permitted Withdrawals from the Custodial Account.

(a) The Master Servicer may, from time to time as provided herein, make withdrawals from the Custodial Account of amounts on deposit therein pursuant to Section 3.07 that are attributable to the Mortgage Loans for the following purposes:

(i) to make deposits into the Certificate Account in the amounts and in the manner provided for in Section 4.01;

(ii) to reimburse itself or the related Subservicer for previously unreimbursed Advances, Servicing Advances or other expenses made pursuant to Sections 3.01, 3.07(a), 3.08, 3.11, 3.12(a), 3.14 and 4.04 or otherwise reimbursable pursuant to the terms of this Agreement, such withdrawal right being limited to amounts received on the related Mortgage Loans (including, for this purpose, REO Proceeds, Insurance Proceeds, Liquidation Proceeds and proceeds from the purchase of a Mortgage Loan pursuant to Section 2.02, 2.03, 2.04 or 4.07) which represent (A) Late Collections of Monthly Payments for which any such advance was made in the case of Subservicer Advances or Advances pursuant to Section 4.04 and (B) recoveries of amounts in respect of which such advances were made in the case of Servicing Advances;

(iii) to pay to itself or the related Subservicer (if not previously retained by such Subservicer) out of each payment received by the Master Servicer on account of interest on a Mortgage Loan as contemplated by Sections 3.14 and 3.16, an amount equal to that remaining portion of any such payment as to interest (but not in excess of the Servicing Fee and the Subservicing Fee, if not previously retained) which, when deducted, will result in the remaining amount of such interest being interest at the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of a Modified Mortgage Loan) on the amount specified in the amortization schedule of the related Mortgage Loan as the principal balance thereof at the beginning of the period respecting which such interest was paid after giving effect to any previous Curtailments;

(iv) to pay to itself as additional servicing compensation any interest or investment income earned on funds and other property deposited in or credited to the Custodial Account that it is entitled to withdraw pursuant to Section 3.07(c);

(v) to pay to itself as additional servicing compensation any Foreclosure Profits, any amounts remitted by Subservicers as interest in respect of Curtailments pursuant to Section 3.08(b), and any amounts paid by a Mortgagor in connection with a Principal Prepayment in Full in respect of interest for any period during the calendar month in which such Principal Prepayment in Full is to be distributed to the Certificateholders;

(vi) to pay to itself, a Subservicer, a Seller, Residential Funding, the Company or any other appropriate Person, as the case may be, with respect to each Mortgage Loan or property acquired in respect thereof that has been purchased or otherwise transferred pursuant to Section 2.02, 2.03, 2.04, 4.07 or 9.01, all amounts received thereon and not required to be distributed to the Certificateholders as of the date on which the related Stated Principal Balance or Purchase Price is determined;

(vii) to reimburse itself or the related Subservicer for any Nonrecoverable Advance or Advances in the manner and to the extent provided in subsection (c) below, and any Advance or Servicing Advance made in connection with a modified Mortgage Loan that is in default or, in the judgment of the Master Servicer, default is reasonably foreseeable pursuant to Section 3.07(a), to the extent the amount of the Advance or Servicing Advance was added to the Stated Principal Balance of the Mortgage Loan in a prior calendar month, or any Advance reimbursable to the Master Servicer pursuant to Section 4.02(a);

(viii) to reimburse itself or the Company for expenses incurred by and reimbursable to it or the Company pursuant to Sections 3.01(a), 3.11, 3.13, 3.14(c), 6.03, 10.01 or otherwise, or in connection with enforcing, in accordance with this Agreement, any repurchase, substitution or indemnification obligation of any Seller (other than an Affiliate of the Company) pursuant to the related Seller's Agreement;

(ix) to reimburse itself for Servicing Advances expended by it (a) pursuant to Section 3.14 in good faith in connection with the restoration of property damaged by an Uninsured Cause, and (b) in connection with the liquidation of a Mortgage Loan or disposition of an REO Property to the extent not otherwise reimbursed pursuant to clause (ii) or (viii) above; and

(x) to withdraw any amount deposited in the Custodial Account that was not required to be deposited therein pursuant to Section 3.07.

(b) Since, in connection with withdrawals pursuant to clauses (ii), (iii), (v) and (vi), the Master Servicer's entitlement thereto is limited to collections or other recoveries on the related Mortgage Loan, the Master Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Custodial Account pursuant to such clauses.

(c) The Master Servicer shall be entitled to reimburse itself or the related Subservicer for any advance made in respect of a Mortgage Loan that the Master Servicer determines to be a Nonrecoverable Advance by withdrawal from the Custodial Account of amounts on deposit therein attributable to the Mortgage Loans on any Certificate Account Deposit Date succeeding the date of such determination. Such right of reimbursement in respect of a Nonrecoverable Advance relating to an Advance pursuant to Section 4.04 on any such Certificate Account Deposit Date shall be limited to an amount not exceeding the portion of such Advance previously paid to Certificateholders (and not theretofore reimbursed to the Master Servicer or the related Subservicer).

Section 3.11. Maintenance of the Primary Insurance Policies; Collections Thereunder.

(a) The Master Servicer shall not take, or permit any Subservicer to take, any action which would result in non-coverage under any applicable Primary Insurance Policy of any loss which, but for the actions of the Master Servicer or Subservicer, would have been covered thereunder. To the extent coverage is available, the Master Servicer shall keep or cause to be kept in full force and effect each such Primary Insurance Policy until the principal balance of the related Mortgage Loan secured by a Mortgaged Property is reduced to 80% or less of the Appraised Value in the case of such a Mortgage Loan having a Loan-to-Value Ratio at origination in excess of 80%, provided that such Primary Insurance Policy was in place as of the Cut-off Date and the Company had knowledge of such Primary Insurance Policy. The Master Servicer shall be entitled to cancel or permit the discontinuation of any Primary Insurance Policy as to any Mortgage Loan, if the Stated Principal Balance of the Mortgage Loan is reduced below an amount equal to 80% of the appraised value of the related Mortgaged Property as determined in any appraisal thereof after the Closing Date, or if the Loan-to-Value Ratio is reduced below 80% as a result of principal payments on the Mortgage Loan after the Closing Date. In the event that the Company gains knowledge that as of the Closing Date, a Mortgage Loan had a Loan-to-Value Ratio at origination in excess of 80% and is not the subject of a Primary Insurance Policy (and was not included in any exception to the representation in Section 2.03(b)(iv)) and that such Mortgage Loan has a current Loan-to-Value Ratio in excess of 80% then the Master Servicer shall use its reasonable efforts to obtain and maintain a Primary Insurance Policy to the extent that such a policy is obtainable at a reasonable price. The Master Servicer shall not cancel or refuse to renew any such Primary Insurance Policy applicable to a Nonsubserviced Mortgage Loan, or consent to any Subservicer canceling or refusing to renew any such Primary Insurance Policy applicable to a Mortgage Loan subserviced by it, that is in effect at the date of the initial issuance of the Certificates and is required to be kept in force hereunder unless the replacement Primary Insurance Policy for such canceled or non-renewed policy is maintained with an insurer whose claims-paying ability is acceptable to each Rating Agency for mortgage pass-through certificates having a rating equal to or better than the lower of the then-current rating or the rating assigned to the Certificates as of the Closing Date by such Rating Agency.

(b) In connection with its activities as administrator and servicer of the Mortgage Loans, the Master Servicer agrees to present or to cause the related Subservicer to present, on behalf of the Master Servicer, the Subservicer, if any, the Trustee and Certificateholders, claims to the related Insurer under any Primary Insurance Policies, in a timely manner in accordance with such policies, and, in this regard, to take or cause to be taken such reasonable action as shall

be necessary to permit recovery under any Primary Insurance Policies respecting defaulted Mortgage Loans. Pursuant to Section 3.07, any Insurance Proceeds collected by or remitted to the Master Servicer under any Primary Insurance Policies shall be deposited in the Custodial Account, subject to withdrawal pursuant to Section 3.10.

Section 3.12. Maintenance of Fire Insurance and Omissions and Fidelity Coverage.

(a) The Master Servicer shall cause to be maintained for each Mortgage Loan (other than a Cooperative Loan) fire insurance with extended coverage in an amount which is equal to the lesser of the principal balance owing on such Mortgage Loan or 100 percent of the insurable value of the improvements; provided, however, that such coverage may not be less than the minimum amount required to fully compensate for any loss or damage on a replacement cost basis. To the extent it may do so without breaching the related Subservicing Agreement, the Master Servicer shall replace any Subservicer that does not cause such insurance, to the extent it is available, to be maintained. The Master Servicer shall also cause to be maintained on property acquired upon foreclosure, or deed in lieu of foreclosure, of any Mortgage Loan (other than a Cooperative Loan), fire insurance with extended coverage in an amount which is at least equal to the amount necessary to avoid the application of any co-insurance clause contained in the related hazard insurance policy. Pursuant to Section 3.07, any amounts collected by the Master Servicer under any such policies (other than amounts to be applied to the restoration or repair of the related Mortgaged Property or property thus acquired or amounts released to the Mortgagor in accordance with the Master Servicer's normal servicing procedures) shall be deposited in the Custodial Account, subject to withdrawal pursuant to Section 3.10. Any cost incurred by the Master Servicer in maintaining any such insurance shall not, for the purpose of calculating monthly distributions to the Certificateholders, be added to the amount owing under the Mortgage Loan, notwithstanding that the terms of the Mortgage Loan so permit. Such costs shall be recoverable by the Master Servicer out of related late payments by the Mortgagor or out of Insurance Proceeds and Liquidation Proceeds to the extent permitted by Section 3.10. It is understood and agreed that no earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage Loan other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance. Whenever the improvements securing a Mortgage Loan (other than a Cooperative Loan) are located at the time of origination of such Mortgage Loan in a federally designated special flood hazard area, the Master Servicer shall cause flood insurance (to the extent available) to be maintained in respect thereof. Such flood insurance shall be in an amount equal to the lesser of (i) the amount required to compensate for any loss or damage to the Mortgaged Property on a replacement cost basis and (ii) the maximum amount of such insurance available for the related Mortgaged Property under the national flood insurance program (assuming that the area in which such Mortgaged Property is located is participating in such program).

If the Master Servicer shall obtain and maintain a blanket fire insurance policy with extended coverage insuring against hazard losses on all of the Mortgage Loans, it shall conclusively be deemed to have satisfied its obligations as set forth in the first sentence of this Section 3.12(a), it being understood and agreed that such policy may contain a deductible clause, in which case the Master Servicer shall, in the event that there shall not have been maintained on

the related Mortgaged Property a policy complying with the first sentence of this Section 3.12(a) and there shall have been a loss which would have been covered by such policy, deposit in the Certificate Account the amount not otherwise payable under the blanket policy because of such deductible clause. Any such deposit by the Master Servicer shall be made on the Certificate Account Deposit Date next preceding the Distribution Date which occurs in the month following the month in which payments under any such policy would have been deposited in the Custodial Account. In connection with its activities as administrator and servicer of the Mortgage Loans, the Master Servicer agrees to present, on behalf of itself, the Trustee and the Certificateholders, claims under any such blanket policy.

(b) The Master Servicer shall obtain and maintain at its own expense and keep in full force and effect throughout the term of this Agreement a blanket fidelity bond and an errors and omissions insurance policy covering the Master Servicer's officers and employees and other persons acting on behalf of the Master Servicer in connection with its activities under this Agreement. The amount of coverage shall be at least equal to the coverage that would be required by Fannie Mae or Freddie Mac, whichever is greater, with respect to the Master Servicer if the Master Servicer were servicing and administering the Mortgage Loans for Fannie Mae or Freddie Mac. In the event that any such bond or policy ceases to be in effect, the Master Servicer shall obtain a comparable replacement bond or policy from an issuer or insurer, as the case may be, meeting the requirements, if any, of the Program Guide and acceptable to the Company. Coverage of the Master Servicer under a policy or bond obtained by an Affiliate of the Master Servicer and providing the coverage required by this Section 3.12(b) shall satisfy the requirements of this Section 3.12(b).

Section 3.13. Enforcement of Due-on-Sale Clauses; Assumption and Modification Agreements; Certain Assignments.

(a) When any Mortgaged Property is conveyed by the Mortgagor, the Master Servicer or Subservicer, to the extent it has knowledge of such conveyance, shall enforce any due-on-sale clause contained in any Mortgage Note or Mortgage, to the extent permitted under applicable law and governmental regulations, but only to the extent that such enforcement will not adversely affect or jeopardize coverage under any Required Insurance Policy. Notwithstanding the foregoing:

(i) the Master Servicer shall not be deemed to be in default under this Section 3.13(a) by reason of any transfer or assumption which the Master Servicer is restricted by law from preventing; and

(ii) if the Master Servicer determines that it is reasonably likely that any Mortgagor will bring, or if any Mortgagor does bring, legal action to declare invalid or otherwise avoid enforcement of a due-on-sale clause contained in any Mortgage Note or Mortgage, the Master Servicer shall not be required to enforce the due-on-sale clause or to contest such action.

(b) Subject to the Master Servicer's duty to enforce any due-on-sale clause to the extent set forth in Section 3.13(a), in any case in which a Mortgaged Property is to be conveyed to a Person by a Mortgagor, and such Person is to enter into an assumption or modification

agreement or supplement to the Mortgage Note or Mortgage which requires the signature of the Trustee, or if an instrument of release signed by the Trustee is required releasing the Mortgagor from liability on the Mortgage Loan, the Master Servicer is authorized, subject to the requirements of the sentence next following, to execute and deliver, on behalf of the Trustee, the assumption agreement with the Person to whom the Mortgaged Property is to be conveyed and such modification agreement or supplement to the Mortgage Note or Mortgage or other instruments as are reasonable or necessary to carry out the terms of the Mortgage Note or Mortgage or otherwise to comply with any applicable laws regarding assumptions or the transfer of the Mortgaged Property to such Person; provided, however, none of such terms and requirements shall either (i) both (A) constitute a "significant modification" effecting an exchange or reissuance of such Mortgage Loan under the REMIC Provisions and (B) cause any portion of any REMIC formed under the Series Supplement to fail to qualify as a REMIC under the Code or (subject to Section 10.01(f)), result in the imposition of any tax on "prohibited transactions" or (ii) constitute "contributions" after the start-up date under the REMIC Provisions. The Master Servicer shall execute and deliver such documents only if it reasonably determines that (i) its execution and delivery thereof will not conflict with or violate any terms of this Agreement or cause the unpaid balance and interest on the Mortgage Loan to be uncollectible in whole or in part, (ii) any required consents of insurers under any Required Insurance Policies have been obtained and (iii) subsequent to the closing of the transaction involving the assumption or transfer (A) the Mortgage Loan will continue to be secured by a first mortgage lien pursuant to the terms of the Mortgage, (B) such transaction will not adversely affect the coverage under any Required Insurance Policies, (C) the Mortgage Loan will fully amortize over the remaining term thereof, (D) no material term of the Mortgage Loan (including the interest rate on the Mortgage Loan) will be altered nor will the term of the Mortgage Loan be changed and (E) if the seller/transferor of the Mortgaged Property is to be released from liability on the Mortgage Loan, such release will not (based on the Master Servicer's or Subservicer's good faith determination) adversely affect the collectability of the Mortgage Loan. Upon receipt of appropriate instructions from the Master Servicer in accordance with the foregoing, the Trustee shall execute any necessary instruments for such assumption or substitution of liability as directed in writing by the Master Servicer. Upon the closing of the transactions contemplated by such documents, the Master Servicer shall cause the originals or true and correct copies of the assumption agreement, the release (if any), or the modification or supplement to the Mortgage Note or Mortgage to be delivered to the Trustee or the Custodian and deposited with the Mortgage File for such Mortgage Loan. Any fee collected by the Master Servicer or such related Subservicer for entering into an assumption or substitution of liability agreement will be retained by the Master Servicer or such Subservicer as additional servicing compensation.

(c) The Master Servicer or the related Subservicer, as the case may be, shall be entitled to approve a request from a Mortgagor for a partial release of the related Mortgaged Property, the granting of an easement thereon in favor of another Person, any alteration or demolition of the related Mortgaged Property (or, with respect to a Cooperative Loan, the related Cooperative Apartment) without any right of reimbursement or other similar matters if it has determined, exercising its good faith business judgment in the same manner as it would if it were the owner of the related Mortgage Loan, that the security for, and the timely and full collectability of, such Mortgage Loan would not be adversely affected thereby and that any portion of any REMIC formed under the Series Supplement would not fail to continue to qualify as a REMIC under the Code as a result thereof and (subject to Section 10.01(f)) that no tax on

"prohibited transactions" or "contributions" after the startup day would be imposed on any such REMIC as a result thereof. Any fee collected by the Master Servicer or the related Subservicer for processing such a request will be retained by the Master Servicer or such Subservicer as additional servicing compensation.

(d) Subject to any other applicable terms and conditions of this Agreement, the Trustee and Master Servicer shall be entitled to approve an assignment in lieu of satisfaction with respect to any Mortgage Loan, provided the obligee with respect to such Mortgage Loan following such proposed assignment provides the Trustee and Master Servicer with a "Lender Certification for Assignment of Mortgage Loan" in the form attached hereto as Exhibit M, in form and substance satisfactory to the Trustee and Master Servicer, providing the following: (i) that the substance of the assignment is, and is intended to be, a refinancing of such Mortgage; (ii) that the Mortgage Loan following the proposed assignment will have a rate of interest at least 0.25 percent below or above the rate of interest on such Mortgage Loan prior to such proposed assignment; and (iii) that such assignment is at the request of the borrower under the related Mortgage Loan. Upon approval of an assignment in lieu of satisfaction with respect to any Mortgage Loan, the Master Servicer shall receive cash in an amount equal to the unpaid principal balance of and accrued interest on such Mortgage Loan and the Master Servicer shall treat such amount as a Principal Prepayment in Full with respect to such Mortgage Loan for all purposes hereof.

Section 3.14. Realization Upon Defaulted Mortgage Loans.

(a) The Master Servicer shall foreclose upon or otherwise comparably convert (which may include an REO Acquisition) the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments pursuant to Section 3.07. Alternatively, the Master Servicer may take other actions in respect of a defaulted Mortgage Loan, which may include (i) accepting a short sale (a payoff of the Mortgage Loan for an amount less than the total amount contractually owed in order to facilitate a sale of the Mortgaged Property by the Mortgagor) or permitting a short refinancing (a payoff of the Mortgage Loan for an amount less than the total amount contractually owed in order to facilitate refinancing transactions by the Mortgagor not involving a sale of the Mortgaged Property), (ii) arranging for a repayment plan or (iii) agreeing to a modification in accordance with Section 3.07. In connection with such foreclosure or other conversion, the Master Servicer shall, consistent with Section 3.11, follow such practices and procedures as it shall deem necessary or advisable, as shall be normal and usual in its general mortgage servicing activities and as shall be required or permitted by the Program Guide; provided that the Master Servicer shall not be liable in any respect hereunder if the Master Servicer is acting in connection with any such foreclosure or other conversion in a manner that is consistent with the provisions of this Agreement. The Master Servicer, however, shall not be required to expend its own funds or incur other reimbursable charges in connection with any foreclosure, or attempted foreclosure which is not completed, or towards the restoration of any property unless it shall determine (i) that such restoration and/or foreclosure will increase the proceeds of liquidation of the Mortgage Loan to Holders of Certificates of one or more Classes after reimbursement to itself for such expenses or charges and (ii) that such expenses or charges will be recoverable to it through Liquidation Proceeds, Insurance Proceeds, or REO Proceeds (respecting which it shall have priority for purposes of withdrawals from the Custodial Account

pursuant to Section 3.10, whether or not such expenses and charges are actually recoverable from related Liquidation Proceeds, Insurance Proceeds or REO Proceeds). In the event of such a determination by the Master Servicer pursuant to this Section 3.14(a), the Master Servicer shall be entitled to reimbursement of such amounts pursuant to Section 3.10.

In addition to the foregoing, the Master Servicer shall use its best reasonable efforts to realize upon any Additional Collateral for such of the Additional Collateral Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments pursuant to Section 3.07; provided that the Master Servicer shall not, on behalf of the Trustee, obtain title to any such Additional Collateral as a result of or in lieu of the disposition thereof or otherwise; and provided further that (i) the Master Servicer shall not proceed with respect to such Additional Collateral in any manner that would impair the ability to recover against the related Mortgaged Property, and (ii) the Master Servicer shall proceed with any REO Acquisition in a manner that preserves the ability to apply the proceeds of such Additional Collateral against amounts owed under the defaulted Mortgage Loan. Any proceeds realized from such Additional Collateral (other than amounts to be released to the Mortgagor or the related guarantor in accordance with procedures that the Master Servicer would follow in servicing loans held for its own account, subject to the terms and conditions of the related Mortgage and Mortgage Note and to the terms and conditions of any security agreement, guarantee agreement, mortgage or other agreement governing the disposition of the proceeds of such Additional Collateral) shall be deposited in the Custodial Account, subject to withdrawal pursuant to Section 3.10. Any other payment received by the Master Servicer in respect of such Additional Collateral shall be deposited in the Custodial Account subject to withdrawal pursuant to Section 3.10.

For so long as the Master Servicer is the Master Servicer under the Credit Support Pledge Agreement, the Master Servicer shall perform its obligations under the Credit Support Pledge Agreement in accordance with such Agreement and in a manner that is in the best interests of the Certificateholders. Further, the Master Servicer shall use its best reasonable efforts to realize upon any Pledged Assets for such of the Pledged Asset Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments pursuant to Section 3.07; provided that the Master Servicer shall not, on behalf of the Trustee, obtain title to any such Pledged Assets as a result of or in lieu of the disposition thereof or otherwise; and provided further that (i) the Master Servicer shall not proceed with respect to such Pledged Assets in any manner that would impair the ability to recover against the related Mortgaged Property, and (ii) the Master Servicer shall proceed with any REO Acquisition in a manner that preserves the ability to apply the proceeds of such Pledged Assets against amounts owed under the defaulted Mortgage Loan. Any proceeds realized from such Pledged Assets (other than amounts to be released to the Mortgagor or the related guarantor in accordance with procedures that the Master Servicer would follow in servicing loans held for its own account, subject to the terms and conditions of the related Mortgage and Mortgage Note and to the terms and conditions of any security agreement, guarantee agreement, mortgage or other agreement governing the disposition of the proceeds of such Pledged Assets) shall be deposited in the Custodial Account, subject to withdrawal pursuant to Section 3.10. Any other payment received by the Master Servicer in respect of such Pledged Assets shall be deposited in the Custodial Account subject to withdrawal pursuant to Section

3.10.

Concurrently with the foregoing, the Master Servicer may pursue any remedies that may be available in connection with a breach of a representation and warranty with respect to any such Mortgage Loan in accordance with Sections 2.03 and 2.04. However, the Master Servicer is not required to continue to pursue both foreclosure (or similar remedies) with respect to the Mortgage Loans and remedies in connection with a breach of a representation and warranty if the Master Servicer determines in its reasonable discretion that one such remedy is more likely to result in a greater recovery as to the Mortgage Loan. Upon the occurrence of a Cash Liquidation or REO Disposition, following the deposit in the Custodial Account of all Insurance Proceeds, Liquidation Proceeds and other payments and recoveries referred to in the definition of "Cash Liquidation" or "REO Disposition," as applicable, upon receipt by the Trustee of written notification of such deposit signed by a Servicing Officer, the Trustee or any Custodian, as the case may be, shall release to the Master Servicer the related Mortgage File and the Trustee shall execute and deliver such instruments of transfer or assignment prepared by the Master Servicer, in each case without recourse, as shall be necessary to vest in the Master Servicer or its designee, as the case may be, the related Mortgage Loan, and thereafter such Mortgage Loan shall not be part of the Trust Fund. Notwithstanding the foregoing or any other provision of this Agreement, in the Master Servicer's sole discretion with respect to any defaulted Mortgage Loan or REO Property as to either of the following provisions, (i) a Cash Liquidation or REO Disposition may be deemed to have occurred if substantially all amounts expected by the Master Servicer to be received in connection with the related defaulted Mortgage Loan or REO Property have been received, and (ii) for purposes of determining the amount of any Liquidation Proceeds, Insurance Proceeds, REO Proceeds or any other unscheduled collections or the amount of any Realized Loss, the Master Servicer may take into account minimal amounts of additional receipts expected to be received or any estimated additional liquidation expenses expected to be incurred in connection with the related defaulted Mortgage Loan or REO Property.

(b) If title to any Mortgaged Property is acquired by the Trust Fund as an REO Property by foreclosure or by deed in lieu of foreclosure, the deed or certificate of sale shall be issued to the Trustee or to its nominee on behalf of Certificateholders. Notwithstanding any such acquisition of title and cancellation of the related Mortgage Loan, such REO Property shall (except as otherwise expressly provided herein) be considered to be an Outstanding Mortgage Loan held in the Trust Fund until such time as the REO Property shall be sold. Consistent with the foregoing for purposes of all calculations hereunder so long as such REO Property shall be considered to be an Outstanding Mortgage Loan it shall be assumed that, notwithstanding that the indebtedness evidenced by the related Mortgage Note shall have been discharged, such Mortgage Note and the related amortization schedule in effect at the time of any such acquisition of title (after giving effect to any previous Curtailments and before any adjustment thereto by reason of any bankruptcy or similar proceeding or any moratorium or similar waiver or grace period) remain in effect.

(c) If the Trust Fund acquires any REO Property as aforesaid or otherwise in connection with a default or imminent default on a Mortgage Loan, the Master Servicer on behalf of the Trust Fund shall dispose of such REO Property as soon as practicable, giving due consideration to the interests of the Certificateholders, but in all cases within three full years after

the taxable year of its acquisition by the Trust Fund for purposes of Section 860G(a)(8) of the Code (or such shorter period as may be necessary under applicable state (including any state in which such property is located) law to maintain the status of any portion of any REMIC formed under the Series Supplement as a REMIC under applicable state law and avoid taxes resulting from such property failing to be foreclosure property under applicable state law) or, at the expense of the Trust Fund, request, more than 60 days before the day on which such grace period would otherwise expire, an extension of such grace period unless the Master Servicer (subject to Section 10.01(f)) obtains for the Trustee an Opinion of Counsel, addressed to the Trustee and the Master Servicer, to the effect that the holding by the Trust Fund of such REO Property subsequent to such period will not result in the imposition of taxes on "prohibited transactions" as defined in Section 860F of the Code or cause any REMIC formed under the Series Supplement to fail to qualify as a REMIC (for federal (or any applicable State or local) income tax purposes) at any time that any Certificates are outstanding, in which case the Trust Fund may continue to hold such REO Property (subject to any conditions contained in such Opinion of Counsel). The Master Servicer shall be entitled to be reimbursed from the Custodial Account for any costs incurred in obtaining such Opinion of Counsel, as provided in Section 3.10. Notwithstanding any other provision of this Agreement, no REO Property acquired by the Trust Fund shall be rented (or allowed to continue to be rented) or otherwise used by or on behalf of the Trust Fund in such a manner or pursuant to any terms that would (i) cause such REO Property to fail to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code or (ii) subject the Trust Fund to the imposition of any federal income taxes on the income earned from such REO Property, including any taxes imposed by reason of Section 860G(c) of the Code, unless the Master Servicer has agreed to indemnify and hold harmless the Trust Fund with respect to the imposition of any such taxes.

(d) The proceeds of any Cash Liquidation, REO Disposition or purchase or repurchase of any Mortgage Loan pursuant to the terms of this Agreement, as well as any recovery resulting from a collection of Liquidation Proceeds, Insurance Proceeds or REO Proceeds, will be applied in the following order of priority: first, to reimburse the Master Servicer or the related Subservicer in accordance with Section 3.10(a)(ii); second, to the Certificateholders to the extent of accrued and unpaid interest on the Mortgage Loan, and any related REO Imputed Interest, at the Net Mortgage Rate (or the Modified Net Mortgage Rate in the case of a Modified Mortgage Loan) to the Due Date prior to the Distribution Date on which such amounts are to be distributed; third, to the Certificateholders as a recovery of principal on the Mortgage Loan (or REO Property); fourth, to all Servicing Fees and Subservicing Fees payable therefrom (and the Master Servicer and the Subservicer shall have no claims for any deficiencies with respect to such fees which result from the foregoing allocation); and fifth, to Foreclosure Profits.

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

Section 3.15. Trustee to Cooperate; Release of Mortgage Files.

(a) Upon becoming aware of the payment in full of any Mortgage Loan, or upon the receipt by the Master Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Master Servicer will immediately notify the Trustee (if it holds the related Mortgage File) or the Custodian by a certification of a Servicing Officer (which certification shall include a statement to the effect that all amounts received or to be received in connection with such payment which are required to be deposited in the Custodial Account pursuant to Section 3.07 have been or will be so deposited), substantially in one of the forms attached hereto as Exhibit F, or, in the case of the Custodian, an electronic request in a form acceptable to the Custodian, requesting delivery to it of the Mortgage File. Within two Business Days of receipt of such certification and request, the Trustee shall release, or cause the Custodian to release, the related Mortgage File to the Master Servicer. The Master Servicer is authorized to execute and deliver to the Mortgagor the request for reconveyance, deed of reconveyance or release or satisfaction of mortgage or such instrument releasing the lien of the Mortgage, together with the Mortgage Note with, as appropriate, written evidence of cancellation thereon and to cause the removal from the registration on the MERS® System of such Mortgage and to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of satisfaction or cancellation or of partial or full release. No expenses incurred in connection with any instrument of satisfaction or deed of reconveyance shall be chargeable to the Custodial Account or the Certificate Account.

(b) From time to time as is appropriate for the servicing or foreclosure of any Mortgage Loan, the Master Servicer shall deliver to the Custodian, with a copy to the Trustee, a certificate of a Servicing Officer substantially in one of the forms attached as Exhibit F hereto, or, in the case of the Custodian, an electronic request in a form acceptable to the Custodian, requesting that possession of all, or any document constituting part of, the Mortgage File be released to the Master Servicer and certifying as to the reason for such release and that such release will not invalidate any insurance coverage provided in respect of the Mortgage Loan under any Required Insurance Policy. Upon receipt of the foregoing, the Trustee shall deliver, or cause the Custodian to deliver, the Mortgage File or any document therein to the Master Servicer. The Master Servicer shall cause each Mortgage File or any document therein so released to be returned to the Trustee, or the Custodian as agent for the Trustee when the need therefor by the Master Servicer no longer exists, unless (i) the Mortgage Loan has been liquidated and the Liquidation Proceeds relating to the Mortgage Loan have been deposited in the Custodial Account or (ii) the Mortgage File or such document has been delivered directly or through a Subservicer to an attorney, or to a public trustee or other public official as required by law, for purposes of initiating or pursuing legal action or other proceedings for the foreclosure of the Mortgaged Property either judicially or non-judicially, and the Master Servicer has delivered directly or through a Subservicer to the Trustee a certificate of a Servicing Officer certifying as to the name and address of the Person to which such Mortgage File or such document was delivered and the purpose or purposes of such delivery. In the event of the liquidation of a Mortgage Loan, the Trustee shall deliver the Request for Release with respect thereto to the Master Servicer upon deposit of the related Liquidation Proceeds in the Custodial Account.

(c) The Trustee or the Master Servicer on the Trustee's behalf shall execute and deliver to the Master Servicer, if necessary, any court pleadings, requests for trustee's sale or

other documents necessary to the foreclosure or trustee's sale in respect of a Mortgaged Property or to any legal action brought to obtain judgment against any Mortgagor on the Mortgage Note or Mortgage or to obtain a deficiency judgment, or to enforce any other remedies or rights provided by the Mortgage Note or Mortgage or otherwise available at law or in equity. Together with such documents or pleadings (if signed by the Trustee), the Master Servicer shall deliver to the Trustee a certificate of a Servicing Officer requesting that such pleadings or documents be executed by the Trustee and certifying as to the reason such documents or pleadings are required and that the execution and delivery thereof by the Trustee will not invalidate any insurance coverage under any Required Insurance Policy or invalidate or otherwise affect the lien of the Mortgage, except for the termination of such a lien upon completion of the foreclosure or trustee's sale.

Section 3.16. Servicing and Other Compensation; Compensating Interest.

(a) The Master Servicer, as compensation for its activities hereunder, shall be entitled to receive on each Distribution Date the amounts provided for by clauses (iii), (iv), (v) and (vi) of Section 3.10(a), subject to clause (e) below. The amount of servicing compensation provided for in such clauses shall be accounted for on a Mortgage Loan-by-Mortgage Loan basis. In the event that Liquidation Proceeds, Insurance Proceeds and REO Proceeds (net of amounts reimbursable therefrom pursuant to Section 3.10(a)(ii)) in respect of a Cash Liquidation or REO Disposition exceed the unpaid principal balance of such Mortgage Loan plus unpaid interest accrued thereon (including REO Imputed Interest) at a per annum rate equal to the related Net Mortgage Rate (or the Modified Net Mortgage Rate in the case of a Modified Mortgage Loan), the Master Servicer shall be entitled to retain therefrom and to pay to itself and/or the related Subservicer, any Foreclosure Profits and any Servicing Fee or Subservicing Fee considered to be accrued but unpaid.

(b) Additional servicing compensation in the form of prepayment charges, assumption fees, late payment charges, investment income on amounts in the Custodial Account or the Certificate Account or otherwise shall be retained by the Master Servicer or the Subservicer to the extent provided herein, subject to clause (e) below.

(c) The Master Servicer shall be required to pay, or cause to be paid, all expenses incurred by it in connection with its servicing activities hereunder (including payment of premiums for the Primary Insurance Policies, if any, to the extent such premiums are not required to be paid by the related Mortgagors, and the fees and expenses of the Trustee and any co-trustee (as provided in Section 8.05) and the fees and expense of any Custodian) and shall not be entitled to reimbursement therefor except as specifically provided in Sections 3.10 and 3.14.

(d) The Master Servicer's right to receive servicing compensation may not be transferred in whole or in part except in connection with the transfer of all of its responsibilities and obligations of the Master Servicer under this Agreement.

(e) Notwithstanding any other provision herein, the amount of servicing compensation that the Master Servicer shall be entitled to receive for its activities hereunder for the period ending on each Distribution Date shall be reduced (but not below zero) by an amount equal to Compensating Interest (if any) for such Distribution Date. Such reduction shall be

applied during such period as follows: first, to any Servicing Fee or Subservicing Fee to which the Master Servicer is entitled pursuant to Section 3.10(a)(iii), and second, to any income or gain realized from any investment of funds held in the Custodial Account or the Certificate Account to which the Master Servicer is entitled pursuant to Sections 3.07(c) or 4.01(b), respectively. In making such reduction, the Master Servicer (i) will not withdraw from the Custodial Account any such amount representing all or a portion of the Servicing Fee to which it is entitled pursuant to Section 3.10(a)(iii), and (ii) will not withdraw from the Custodial Account or Certificate Account any such amount to which it is entitled pursuant to Section 3.07(c) or 4.01(b).

Section 3.17. Reports to the Trustee and the Company.

Not later than fifteen days after it receives a written request from the Trustee or the Company, the Master Servicer shall forward to the Trustee and the Company a statement, certified by a Servicing Officer, setting forth the status of the Custodial Account as of the close of business on the immediately preceding Distribution Date as it relates to the Mortgage Loans and showing, for the period covered by such statement, the aggregate of deposits in or withdrawals from the Custodial Account in respect of the Mortgage Loans for each category of deposit specified in Section 3.07 and each category of withdrawal specified in Section 3.10.

Section 3.18. Annual Statement as to Compliance and Servicing Assessment.

The Master Servicer will deliver to the Company and the Trustee on or before the earlier of (a) March 31 of each year or (b) with respect to any calendar year during which the Company's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations of the Commission, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations of the Commission, (i) a servicing assessment as described in Section 4.03(f)(ii) and (ii) a servicer compliance statement, signed by an authorized officer of the Master Servicer, as described in Items 1122(a), 1122(b) and 1123 of Regulation AB, to the effect that:

(A) A review of the Master Servicer's activities during the reporting period and of its performance under this Agreement has been made under such officer's supervision.

(B) To the best of such officer's knowledge, based on such review, the Master Servicer has fulfilled all of its obligations under this Agreement in all material respects throughout the reporting period or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof.

The Master Servicer shall use commercially reasonable efforts to obtain from all other parties participating in the servicing function any additional certifications required under Item 1122 and Item 1123 of Regulation AB to the extent required to be included in a Report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Master Servicer's duties hereunder if any such party fails to deliver such a certification.

Section 3.19. Annual Independent Public Accountants' Servicing Report.

On or before the earlier of (a) March 31 of each year or (b) with respect to any calendar year during which the Company's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations of the Commission, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations of the Commission, the Master Servicer at its expense shall cause a firm of independent public accountants, which shall be members of the American Institute of Certified Public Accountants, to furnish to the Company and the Trustee the attestation required under Item 1122(b) of Regulation AB. In rendering such statement, such firm may rely, as to matters relating to the direct servicing of mortgage loans by Subservicers, upon comparable statements for examinations conducted by independent public accountants substantially in accordance with standards established by the American Institute of Certified Public Accountants (rendered within one year of such statement) with respect to such Subservicers.

Section 3.20. Rights of the Company in Respect of the Master Servicer.

The Master Servicer shall afford the Company, upon reasonable notice, during normal business hours access to all records maintained by the Master Servicer in respect of its rights and obligations hereunder and access to officers of the Master Servicer responsible for such obligations. Upon request, the Master Servicer shall furnish the Company with its most recent financial statements and such other information as the Master Servicer possesses regarding its business, affairs, property and condition, financial or otherwise. The Master Servicer shall also cooperate with all reasonable requests for information including, but not limited to, notices, tapes and copies of files, regarding itself, the Mortgage Loans or the Certificates from any Person or Persons identified by the Company or Residential Funding. The Company may, but is not obligated to, enforce the obligations of the Master Servicer hereunder and may, but is not obligated to, perform, or cause a designee to perform, any defaulted obligation of the Master Servicer hereunder or exercise the rights of the Master Servicer hereunder; provided that the Master Servicer shall not be relieved of any of its obligations hereunder by virtue of such performance by the Company or its designee. The Company shall not have any responsibility or liability for any action or failure to act by the Master Servicer and is not obligated to supervise the performance of the Master Servicer under this Agreement or otherwise.

Section 3.21. Administration of Buydown Funds

(a) With respect to any Buydown Mortgage Loan, the Subservicer has deposited Buydown Funds in an account that satisfies the requirements for a Subservicing Account (the "Buydown Account"). The Master Servicer shall cause the Subservicing Agreement to require that upon receipt from the Mortgagor of the amount due on a Due Date for each Buydown Mortgage Loan, the Subservicer will withdraw from the Buydown Account the predetermined amount that, when added to the amount due on such date from the Mortgagor, equals the full Monthly Payment and transmit that amount in accordance with the terms of the Subservicing Agreement to the Master Servicer together with the related payment made by the Mortgagor or advanced by the Subservicer.

(b) If the Mortgagor on a Buydown Mortgage Loan prepays such loan in its entirety during the period (the "Buydown Period") when Buydown Funds are required to be applied to such Buydown Mortgage Loan, the Subservicer shall be required to withdraw from the Buydown Account and remit any Buydown Funds remaining in the Buydown Account in accordance with the related buydown agreement. The amount of Buydown Funds which may be remitted in accordance with the related buydown agreement may reduce the amount required to be paid by the Mortgagor to fully prepay the related Mortgage Loan. If the Mortgagor on a Buydown Mortgage Loan defaults on such Mortgage Loan during the Buydown Period and the property securing such Buydown Mortgage Loan is sold in the liquidation thereof (either by the Master Servicer or the insurer under any related Primary Insurance Policy), the Subservicer shall be required to withdraw from the Buydown Account the Buydown Funds for such Buydown Mortgage Loan still held in the Buydown Account and remit the same to the Master Servicer in accordance with the terms of the Subservicing Agreement for deposit in the Custodial Account or, if instructed by the Master Servicer, pay to the insurer under any related Primary Insurance Policy if the Mortgaged Property is transferred to such insurer and such insurer pays all of the loss incurred in respect of such default. Any amount so remitted pursuant to the preceding sentence will be deemed to reduce the amount owed on the Mortgage Loan.

Section 3.22. Advance Facility

(a) The Master Servicer is hereby authorized to enter into a financing or other facility (any such arrangement, an "Advance Facility") under which (1) the Master Servicer sells, assigns or pledges to another Person (an "Advancing Person") the Master Servicer's rights under this Agreement to be reimbursed for any Advances or Servicing Advances and/or (2) an Advancing Person agrees to fund some or all Advances and/or Servicing Advances required to be made by the Master Servicer pursuant to this Agreement. No consent of the Depositor, the Trustee, the Certificateholders or any other party shall be required before the Master Servicer may enter into an Advance Facility. Notwithstanding the existence of any Advance Facility under which an Advancing Person agrees to fund Advances and/or Servicing Advances on the Master Servicer's behalf, the Master Servicer shall remain obligated pursuant to this Agreement to make Advances and Servicing Advances pursuant to and as required by this Agreement. If the Master Servicer enters into an Advance Facility, and for so long as an Advancing Person remains entitled to receive reimbursement for any Advances including Nonrecoverable Advances ("Advance Reimbursement Amounts") and/or Servicing Advances including Nonrecoverable Advances ("Servicing Advance Reimbursement Amounts" and together with Advance Reimbursement Amounts, "Reimbursement Amounts") (in each case to the extent such type of Reimbursement Amount is included in the Advance Facility), as applicable, pursuant to this Agreement, then the Master Servicer shall identify such Reimbursement Amounts consistent with the reimbursement rights set forth in Section 3.10(a)(ii) and (vii) and remit such Reimbursement Amounts in accordance with this Section 3.22 or otherwise in accordance with the documentation establishing the Advance Facility to such Advancing Person or to a trustee, agent or custodian (an "Advance Facility Trustee") designated by such Advancing Person in an Advance Facility Notice described below in Section 3.22(b). Notwithstanding the foregoing, if so required pursuant to the terms of the Advance Facility, the Master Servicer may direct, and if so directed in writing the Trustee is hereby authorized to and shall pay to the Advance Facility Trustee the Reimbursement Amounts identified pursuant to the preceding sentence. An Advancing Person whose obligations hereunder are limited to the funding of Advances and/or

Servicing Advances shall not be required to meet the qualifications of a Master Servicer or a Subservicer pursuant to Section 3.02(a) or 6.02(c) hereof and shall not be deemed to be a Subservicer under this Agreement. Notwithstanding anything to the contrary herein, in no event shall Advance Reimbursement Amounts or Servicing Advance Reimbursement Amounts be included in the Available Distribution Amount or distributed to Certificateholders.

(b) If the Master Servicer enters into an Advance Facility and makes the election set forth in Section 3.22(a), the Master Servicer and the related Advancing Person shall deliver to the Certificate Insurer and the Trustee a written notice and payment instruction (an "Advance Facility Notice"), providing the Trustee with written payment instructions as to where to remit Advance Reimbursement Amounts and/or Servicing Advance Reimbursement Amounts (each to the extent such type of Reimbursement Amount is included within the Advance Facility) on subsequent Distribution Dates. The payment instruction shall require the applicable Reimbursement Amounts to be distributed to the Advancing Person or to an Advance Facility Trustee designated in the Advance Facility Notice. An Advance Facility Notice may only be terminated by the joint written direction of the Master Servicer and the related Advancing Person (and any related Advance Facility Trustee). The Master Servicer shall provide the Certificate Insurer, if any, with notice of any termination of any Advance Facility pursuant to this Section 3.22(b).

(c) Reimbursement Amounts shall consist solely of amounts in respect of Advances and/or Servicing Advances made with respect to the Mortgage Loans for which the Master Servicer would be permitted to reimburse itself in accordance with Section 3.10(a)(ii) and (vii) hereof, assuming the Master Servicer or the Advancing Person had made the related Advance(s) and/or Servicing Advance(s). Notwithstanding the foregoing, except with respect to reimbursement of Nonrecoverable Advances as set forth in Section 3.10(c) of this Agreement, no Person shall be entitled to reimbursement from funds held in the Collection Account for future distribution to Certificateholders pursuant to this Agreement. Neither the Company nor the Trustee shall have any duty or liability with respect to the calculation of any Reimbursement Amount, nor shall the Company or the Trustee have any responsibility to track or monitor the administration of the Advance Facility or have any responsibility to track, monitor or verify the payment of Reimbursement Amounts to the related Advancing Person or Advance Facility Trustee. The Master Servicer shall maintain and provide to any Successor Master Servicer a detailed accounting on a loan-by-loan basis as to amounts advanced by, sold, pledged or assigned to, and reimbursed to any Advancing Person. The Successor Master Servicer shall be entitled to rely on any such information provided by the Master Servicer and the Successor Master Servicer shall not be liable for any errors in such information.

(d) Upon the direction of and at the expense of the Master Servicer, the Trustee agrees to execute such acknowledgments, certificates and other documents reasonably satisfactory to the Trustee provided by the Master Servicer recognizing the interests of any Advancing Person or Advance Facility Trustee in such Reimbursement Amounts as the Master Servicer may cause to be made subject to Advance Facilities pursuant to this Section 3.22.

(e) Reimbursement Amounts collected with respect to each Mortgage Loan shall be allocated to outstanding unreimbursed Advances or Servicing Advances (as the case may be)

made with respect to that Mortgage Loan on a "first-in, first out" ("FIFO") basis, subject to the qualifications set forth below:

(i) Any successor Master Servicer to Residential Funding (a "Successor Master Servicer") and the Advancing Person or Advance Facility Trustee shall be required to apply all amounts available in accordance with this Section 3.22(e) to the reimbursement of Advances and Servicing Advances in the manner provided for herein; provided, however, that after the succession of a Successor Master Servicer, (A) to the extent that any Advances or Servicing Advances with respect to any particular Mortgage Loan are reimbursed from payments or recoveries, if any, from the related Mortgagor, and Liquidation Proceeds or Insurance Proceeds, if any, with respect to that Mortgage Loan, reimbursement shall be made, first, to the Advancing Person or Advance Facility Trustee in respect of Advances and/or Servicing Advances related to that Mortgage Loan to the extent of the interest of the Advancing Person or Advance Facility Trustee in such Advances and/or Servicing Advances, second to the Master Servicer in respect of Advances and/or Servicing Advances related to that Mortgage Loan in excess of those in which the Advancing Person or Advance Facility Trustee Person has an interest, and third, to the Successor Master Servicer in respect of any other Advances and/or Servicing Advances related to that Mortgage Loan, from such sources as and when collected, and (B) reimbursements of Advances and Servicing Advances that are Nonrecoverable Advances shall be made pro rata to the Advancing Person or Advance Facility Trustee, on the one hand, and any such Successor Master Servicer, on the other hand, on the basis of the respective aggregate outstanding unreimbursed Advances and Servicing Advances that are Nonrecoverable Advances owed to the Advancing Person, Advance Facility Trustee or Master Servicer pursuant to this Agreement, on the one hand, and any such Successor Master Servicer, on the other hand, and without regard to the date on which any such Advances or Servicing Advances shall have been made. In the event that, as a result of the FIFO allocation made pursuant to this Section 3.22(e), some or all of a Reimbursement Amount paid to the Advancing Person or Advance Facility Trustee relates to Advances or Servicing Advances that were made by a Person other than Residential Funding or the Advancing Person or Advance Facility Trustee, then the Advancing Person or Advance Facility Trustee shall be required to remit any portion of such Reimbursement Amount to the Person entitled to such portion of such Reimbursement Amount. Without limiting the generality of the foregoing, Residential Funding shall remain entitled to be reimbursed by the Advancing Person or Advance Facility Trustee for all Advances and Servicing Advances funded by Residential Funding to the extent the related Reimbursement Amount(s) have not been assigned or pledged to an Advancing Person or Advance Facility Trustee. The documentation establishing any Advance Facility shall require Residential Funding to provide to the related Advancing Person or Advance Facility Trustee loan by loan information with respect to each Reimbursement Amount distributed to such Advancing Person or Advance Facility Trustee on each date of remittance thereof to such Advancing Person or Advance Facility Trustee, to enable the Advancing Person or Advance Facility Trustee to make the FIFO allocation of each Reimbursement Amount with respect to each Mortgage Loan.

(ii) By way of illustration, and not by way of limiting the generality of the foregoing, if the Master Servicer resigns or is terminated at a time when the Master

Servicer is a party to an Advance Facility, and is replaced by a Successor Master Servicer, and the Successor Master Servicer directly funds Advances or Servicing Advances with respect to a Mortgage Loan and does not assign or pledge the related Reimbursement Amounts to the related Advancing Person or Advance Facility Trustee, then all payments and recoveries received from the related Mortgagor or received in the form of Liquidation Proceeds with respect to such Mortgage Loan (including Insurance Proceeds collected in connection with a liquidation of such Mortgage Loan) will be allocated first to the Advancing Person or Advance Facility Trustee until the related Reimbursement Amounts attributable to such Mortgage Loan that are owed to the Master Servicer and the Advancing Person, which were made prior to any Advances or Servicing Advances made by the Successor Master Servicer, have been reimbursed in full, at which point the Successor Master Servicer shall be entitled to retain all related Reimbursement Amounts subsequently collected with respect to that Mortgage Loan pursuant to Section 3.10 of this Agreement. To the extent that the Advances or Servicing Advances are Nonrecoverable Advances to be reimbursed on an aggregate basis pursuant to Section 3.10 of this Agreement, the reimbursement paid in this manner will be made pro rata to the Advancing Person or Advance Facility Trustee, on the one hand, and the Successor Master Servicer, on the other hand, as described in clause (i)(B) above.

(f) The Master Servicer shall remain entitled to be reimbursed for all Advances and Servicing Advances funded by the Master Servicer to the extent the related rights to be reimbursed therefor have not been sold, assigned or pledged to an Advancing Person.

(g) Any amendment to this Section 3.22 or to any other provision of this Agreement that may be necessary or appropriate to effect the terms of an Advance Facility as described generally in this Section 3.22, including amendments to add provisions relating to a successor Master Servicer, may be entered into by the Trustee, the Certificate Insurer, Company and the Master Servicer without the consent of any Certificateholder, with written confirmation from each Rating Agency that the amendment will not result in the reduction of the ratings on any class of the Certificates below the lesser of the then current or original ratings on such Certificates, and an opinion of counsel as required by Section 11.01(c), notwithstanding anything to the contrary in Section 11.01 of or elsewhere in this Agreement.

(h) Any rights of set-off that the Trust Fund, the Trustee, the Company, any Successor Master Servicer or any other Person might otherwise have against the Master Servicer under this Agreement shall not attach to any rights to be reimbursed for Advances or Servicing Advances that have been sold, transferred, pledged, conveyed or assigned to any Advancing Person.

(i) At any time when an Advancing Person shall have ceased funding Advances and/or Servicing Advances (as the case may be) and the Advancing Person or related Advance Facility Trustee shall have received Reimbursement Amounts sufficient in the aggregate to reimburse all Advances and/or Servicing Advances (as the case may be) the right to reimbursement for which were assigned to the Advancing Person, then upon the delivery of a written notice signed by the Advancing Person and the Master Servicer or its successor or assign) to the Trustee terminating the Advance Facility Notice (the "Notice of Facility Termination"), the Master Servicer or its Successor Master Servicer shall again be entitled to

withdraw and retain the related Reimbursement Amounts from the Custodial Account pursuant to Section 3.10.

(j) After delivery of any Advance Facility Notice, and until any such Advance Facility Notice has been terminated by a Notice of Facility Termination, this Section 3.22 may not be amended or otherwise modified without the prior written consent of the related Advancing Person.

ARTICLE IV

PAYMENTS TO CERTIFICATEHOLDERS

Section 4.01. Certificate Account.

(a) The Master Servicer on behalf of the Trustee shall establish and maintain a Certificate Account in which the Master Servicer shall cause to be deposited on behalf of the Trustee on or before 2:00 P.M. New York time on each Certificate Account Deposit Date by wire transfer of immediately available funds an amount equal to the sum of (i) any Advance for the immediately succeeding Distribution Date, (ii) any amount required to be deposited in the Certificate Account pursuant to Section 3.12(a), (iii) any amount required to be deposited in the Certificate Account pursuant to Section 3.16(e) or Section 4.07, (iv) any amount required to be paid pursuant to Section 9.01 and (v) all other amounts constituting the Available Distribution Amount for the immediately succeeding Distribution Date.

(b) The Trustee shall, upon written request from the Master Servicer, invest or cause the institution maintaining the Certificate Account to invest the funds in the Certificate Account in Permitted Investments designated in the name of the Trustee for the benefit of the Certificateholders, which shall mature or be payable on demand not later than the Business Day next preceding the Distribution Date next following the date of such investment (except that (i) any investment in the institution with which the Certificate Account is maintained may mature or be payable on demand on such Distribution Date and (ii) any other investment may mature or be payable on demand on such Distribution Date if the Trustee shall advance funds on such Distribution Date to the Certificate Account in the amount payable on such investment on such Distribution Date, pending receipt thereof to the extent necessary to make distributions on the Certificates) and shall not be sold or disposed of prior to maturity. Subject to Section 3.16(e), all income and gain realized from any such investment shall be for the benefit of the Master Servicer and shall be subject to its withdrawal or order from time to time. The amount of any losses incurred in respect of any such investments shall be deposited in the Certificate Account by the Master Servicer out of its own funds immediately as realized without any right of reimbursement. The Trustee or its Affiliates are permitted to receive compensation that could be deemed to be in the Trustee's economic self-interest for (i) serving as investment adviser (with respect to investments made through its Affiliates), administrator, shareholder servicing agent, custodian or sub-custodian with respect to certain of the Permitted Investments, (ii) using Affiliates to effect transactions in certain Permitted Investments and (iii) effecting transactions in certain Permitted Investments.

Section 4.02. Distributions.

As provided in Section 4.02 of the Series Supplement.

Section 4.03. Statements to Certificateholders; Statements to Rating Agencies; Exchange Act Reporting.

(a) Concurrently with each distribution charged to the Certificate Account and with respect to each Distribution Date the Master Servicer shall forward to the Trustee and the Trustee shall either forward by mail or make available to each Holder and the Company, via the Trustee's internet website, a statement (and at its option, any additional files containing the same information in an alternative format) setting forth information as to each Class of Certificates, the Mortgage Pool and, if the Mortgage Pool is comprised of two or more Loan Groups, each Loan Group, to the extent applicable. This statement will include the information set forth in an exhibit to the Series Supplement. The Trustee shall mail to each Holder that requests a paper copy by telephone a paper copy via first class mail. The Trustee may modify the distribution procedures set forth in this Section provided that such procedures are no less convenient for the Certificateholders. The Trustee shall provide prior notification to the Company, the Master Servicer and the Certificateholders regarding any such modification. In addition, the Master Servicer shall provide to any manager of a trust fund consisting of some or all of the Certificates, upon reasonable request, such additional information as is reasonably obtainable by the Master Servicer at no additional expense to the Master Servicer. Also, at the request of a Rating Agency, the Master Servicer shall provide the information relating to the Reportable Modified Mortgage Loans substantially in the form attached hereto as Exhibit Q to such Rating Agency within a reasonable period of time; provided, however, that the Master Servicer shall not be required to provide such information more than four times in a calendar year to any Rating Agency.

(b) Within a reasonable period of time after it receives a written request from a Holder of a Certificate, other than a Class R Certificate, the Master Servicer shall prepare, or cause to be prepared, and shall forward, or cause to be forwarded, to each Person who at any time during the calendar year was the Holder of a Certificate, other than a Class R Certificate, a statement containing the information set forth in clauses (v) and (vi) of the exhibit to the Series Supplement referred to in subsection (a) above aggregated for such calendar year or applicable portion thereof during which such Person was a Certificateholder. Such obligation of the Master Servicer shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Master Servicer pursuant to any requirements of the Code.

(c) Within a reasonable period of time after it receives a written request from a Holder of a Class R Certificate, the Master Servicer shall prepare, or cause to be prepared, and shall forward, or cause to be forwarded, to each Person who at any time during the calendar year was the Holder of a Class R Certificate, a statement containing the applicable distribution information provided pursuant to this Section 4.03 aggregated for such calendar year or applicable portion thereof during which such Person was the Holder of a Class R Certificate. Such obligation of the Master Servicer shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Master Servicer pursuant to any requirements of the Code.

(d) Upon the written request of any Certificateholder, the Master Servicer, as soon as reasonably practicable, shall provide the requesting Certificateholder with such information as is necessary and appropriate, in the Master Servicer's sole discretion, for purposes of satisfying applicable reporting requirements under Rule 144A.

(e) The Master Servicer shall, on behalf of the Company and in respect of the Trust Fund, sign and cause to be filed with the Commission any periodic reports required to be filed under the provisions of the Exchange Act, and the rules and regulations of the Commission thereunder including, without limitation, reports on Form 10-K, Form 10-D and Form 8-K. In connection with the preparation and filing of such periodic reports, the Trustee shall timely provide to the Master Servicer (I) a list of Certificateholders as shown on the Certificate Register as of the end of each calendar year, (II) copies of all pleadings, other legal process and any other documents relating to any claims, charges or complaints involving the Trustee, as trustee hereunder, or the Trust Fund that are received by a Responsible Officer of the Trustee, (III) notice of all matters that, to the actual knowledge of a Responsible Officer of the Trustee, have been submitted to a vote of the Certificateholders, other than those matters that have been submitted to a vote of the Certificateholders at the request of the Company or the Master Servicer, and (IV) notice of any failure of the Trustee to make any distribution to the Certificateholders as required pursuant to the Series Supplement. Neither the Master Servicer nor the Trustee shall have any liability with respect to the Master Servicer's failure to properly prepare or file such periodic reports resulting from or relating to the Master Servicer's inability or failure to obtain any information not resulting from the Master Servicer's own negligence or willful misconduct.

(f) Any Form 10-K filed with the Commission in connection with this Section 4.03 shall include, with respect to the Certificates relating to such 10-K:

(i) A certification, signed by the senior officer in charge of the servicing functions of the Master Servicer, in the form attached as Exhibit O hereto or such other form as may be required or permitted by the Commission (the "Form 10-K Certification"), in compliance with Rules 13a-14 and 15d-14 under the Exchange Act and any additional directives of the Commission.

(ii) A report regarding its assessment of compliance during the preceding calendar year with all applicable servicing criteria set forth in relevant Commission regulations with respect to mortgage-backed securities transactions taken as a whole involving the Master Servicer that are backed by the same types of assets as those backing the certificates, as well as similar reports on assessment of compliance received from other parties participating in the servicing function as required by relevant Commission regulations, as described in Item 1122(a) of Regulation AB. The Master Servicer shall obtain from all other parties participating in the servicing function any required assessments.

(iii) With respect to each assessment report described immediately above, a report by a registered public accounting firm that attests to, and reports on, the assessment made by the asserting party, as set forth in relevant Commission regulations, as described in Regulation 1122(b) of Regulation AB and Section 3.19.

(iv) The servicer compliance certificate required to be delivered pursuant Section 3.18.

(g) In connection with the Form 10-K Certification, the Trustee shall provide the Master Servicer with a back-up certification substantially in the form attached hereto as Exhibit P.

(h) This Section 4.03 may be amended in accordance with this Agreement without the consent of the Certificateholders.

(i) The Trustee shall make available on the Trustee's internet website each of the reports filed with the Commission by or on behalf of the Company under the Exchange Act, as soon as reasonably practicable upon delivery of such reports to the Trustee.

Section 4.04. Distribution of Reports to the Trustee and the Company; Advances by the Master Servicer.

(a) Prior to the close of business on the Determination Date, the Master Servicer shall furnish a written statement to the Trustee, any Paying Agent and the Company (the information in such statement to be made available to any Certificate Insurer and Certificateholders by the Master Servicer on request) setting forth (i) the Available Distribution Amount and (ii) the amounts required to be withdrawn from the Custodial Account and deposited into the Certificate Account on the immediately succeeding Certificate Account Deposit Date pursuant to clause (iii) of Section 4.01(a). The determination by the Master Servicer of such amounts shall, in the absence of obvious error, be presumptively deemed to be correct for all purposes hereunder and the Trustee shall be protected in relying upon the same without any independent check or verification.

(b) On or before 2:00 P.M. New York time on each Certificate Account Deposit Date, the Master Servicer shall either (i) deposit in the Certificate Account from its own funds, or funds received therefor from the Subservicers, an amount equal to the Advances to be made by the Master Servicer in respect of the related Distribution Date, which shall be in an aggregate amount equal to the aggregate amount of Monthly Payments (with each interest portion thereof adjusted to the Net Mortgage Rate), less the amount of any related Servicing Modifications, Debt Service Reductions or reductions in the amount of interest collectable from the Mortgagor pursuant to the Servicemembers Civil Relief Act, as amended, or similar legislation or regulations then in effect, on the Outstanding Mortgage Loans as of the related Due Date, which Monthly Payments were not received as of the close of business as of the related Determination Date; provided that no Advance shall be made if it would be a Nonrecoverable Advance, (ii) withdraw from amounts on deposit in the Custodial Account and deposit in the Certificate Account all or a portion of the Amount Held for Future Distribution in discharge of any such Advance, or (iii) make advances in the form of any combination of (i) and (ii) aggregating the amount of such Advance. Any portion of the Amount Held for Future Distribution so used shall be replaced by the Master Servicer by deposit in the Certificate Account on or before 11:00 A.M. New York time on any future Certificate Account Deposit Date to the extent that funds attributable to the Mortgage Loans that are available in the Custodial Account for deposit in the Certificate Account on such Certificate Account Deposit Date shall be less than payments to

Certificateholders required to be made on the following Distribution Date. The Master Servicer shall be entitled to use any Advance made by a Subservicer as described in Section 3.07(b) that has been deposited in the Custodial Account on or before such Distribution Date as part of the Advance made by the Master Servicer pursuant to this Section 4.04. The amount of any reimbursement pursuant to Section 4.02(a) in respect of outstanding Advances on any Distribution Date shall be allocated to specific Monthly Payments due but delinquent for previous Due Periods, which allocation shall be made, to the extent practicable, to Monthly Payments which have been delinquent for the longest period of time. Such allocations shall be conclusive for purposes of reimbursement to the Master Servicer from recoveries on related Mortgage Loans pursuant to Section 3.10.

The determination by the Master Servicer that it has made a Nonrecoverable Advance or that any proposed Advance, if made, would constitute a Nonrecoverable Advance, shall be evidenced by an Officers' Certificate of the Master Servicer delivered to the Company and the Trustee.

If the Master Servicer determines as of the Business Day preceding any Certificate Account Deposit Date that it will be unable to deposit in the Certificate Account an amount equal to the Advance required to be made for the immediately succeeding Distribution Date, it shall give notice to the Trustee of its inability to advance (such notice may be given by telecopy), not later than 3:00 P.M., New York time, on such Business Day, specifying the portion of such amount that it will be unable to deposit. Not later than 3:00 P.M., New York time, on the Certificate Account Deposit Date the Trustee shall, unless by 12:00 Noon, New York time, on such day the Trustee shall have been notified in writing (by telecopy) that the Master Servicer shall have directly or indirectly deposited in the Certificate Account such portion of the amount of the Advance as to which the Master Servicer shall have given notice pursuant to the preceding sentence, pursuant to Section 7.01, (a) terminate all of the rights and obligations of the Master Servicer under this Agreement in accordance with Section 7.01 and (b) assume the rights and obligations of the Master Servicer hereunder, including the obligation to deposit in the Certificate Account an amount equal to the Advance for the immediately succeeding Distribution Date.

The Trustee shall deposit all funds it receives pursuant to this Section 4.04 into the Certificate Account.

Section 4.05. Allocation of Realized Losses.

As provided in Section 4.05 of the Series Supplement.

Section 4.06. Reports of Foreclosures and Abandonment of Mortgaged Property.

The Master Servicer or the Subservicers shall file information returns with respect to the receipt of mortgage interests received in a trade or business, the reports of foreclosures and abandonments of any Mortgaged Property and the information returns relating to cancellation of indebtedness income with respect to any Mortgaged Property required by Sections 6050H, 6050J and 6050P, respectively, of the Code, and deliver to the Trustee an Officers' Certificate on or before March 31 of each year stating that such reports have been filed. Such reports shall be in

form and substance sufficient to meet the reporting requirements imposed by Sections 6050H, 6050J and 6050P of the Code.

Section 4.07. Optional Purchase of Defaulted Mortgage Loans.

(a) With respect to any Mortgage Loan that is delinquent in payment by 90 days or more, the Master Servicer may, at its option, purchase such Mortgage Loan from the Trustee at the Purchase Price therefor; provided, that such Mortgage Loan that becomes 90 days or more delinquent during any given Calendar Quarter shall only be eligible for purchase pursuant to this Section during the period beginning on the first Business Day of the following Calendar Quarter, and ending at the close of business on the second-to-last Business Day of such following Calendar Quarter; and provided, further, that such Mortgage Loan is 90 days or more delinquent at the time of repurchase. Such option if not exercised shall not thereafter be reinstated as to any Mortgage Loan, unless the delinquency is cured and the Mortgage Loan thereafter again becomes delinquent in payment by 90 days or more in a subsequent Calendar Quarter.

(b) If at any time the Master Servicer makes a payment to the Certificate Account covering the amount of the Purchase Price for such a Mortgage Loan as provided in clause (a) above, and the Master Servicer provides to the Trustee a certification signed by a Servicing Officer stating that the amount of such payment has been deposited in the Certificate Account, then the Trustee shall execute the assignment of such Mortgage Loan at the request of the Master Servicer, without recourse, to the Master Servicer, which shall succeed to all the Trustee's right, title and interest in and to such Mortgage Loan, and all security and documents relative thereto. Such assignment shall be an assignment outright and not for security. The Master Servicer will thereupon own such Mortgage, and all such security and documents, free of any further obligation to the Trustee or the Certificateholders with respect thereto.

If, however, the Master Servicer shall have exercised its right to repurchase a Mortgage Loan pursuant to this Section 4.07 upon the written request of and with funds provided by the Junior Certificateholder and thereupon transferred such Mortgage Loan to the Junior Certificateholder, the Master Servicer shall so notify the Trustee in writing.

Section 4.08. Surety Bond.

(a) If a Required Surety Payment is payable pursuant to the Surety Bond with respect to any Additional Collateral Loan, the Master Servicer shall so notify the Trustee as soon as reasonably practicable and the Trustee shall promptly complete the notice in the form of Attachment 1 to the Surety Bond and shall promptly submit such notice to the Surety as a claim for a Required Surety. The Master Servicer shall upon request assist the Trustee in completing such notice and shall provide any information requested by the Trustee in connection therewith.

(b) Upon receipt of a Required Surety Payment from the Surety on behalf of the Holders of Certificates, the Trustee shall deposit such Required Surety Payment in the Certificate Account and shall distribute such Required Surety Payment, or the proceeds thereof, in accordance with the provisions of Section 4.02.

(c) The Trustee shall (i) receive as attorney-in-fact of each Holder of a Certificate any Required Surety Payment from the Surety and (ii) disburse the same to the Holders of such Certificates as set forth in Section 4.02.

ARTICLE V

THE CERTIFICATES

Section 5.01. The Certificates.

(a) The Senior, Class X, Class M, Class B, Class P and Class R Certificates shall be substantially in the forms set forth in Exhibits A, A-I, B, C, C-I and D, respectively, and shall, on original issue, be executed and delivered by the Trustee to the Certificate Registrar for authentication and delivery to or upon the order of the Company upon receipt by the Trustee or one or more Custodians of the documents specified in Section 2.01. The Certificates shall be issuable in the minimum denominations designated in the Preliminary Statement to the Series Supplement.

The Certificates shall be executed by manual or facsimile signature on behalf of an authorized officer of the Trustee. Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Trustee shall bind the Trustee, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Certificate or did not hold such offices at the date of such Certificates. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by the Certificate Registrar by manual signature, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder. All Certificates shall be dated the date of their authentication.

(b) Except as provided below, registration of Book-Entry Certificates may not be transferred by the Trustee except to another Depository that agrees to hold such Certificates for the respective Certificate Owners with Ownership Interests therein. The Holders of the Book-Entry Certificates shall hold their respective Ownership Interests in and to each of such Certificates through the book-entry facilities of the Depository and, except as provided below, shall not be entitled to Definitive Certificates in respect of such Ownership Interests. All transfers by Certificate Owners of their respective Ownership Interests in the Book-Entry Certificates shall be made in accordance with the procedures established by the Depository Participant or brokerage firm representing such Certificate Owner. Each Depository Participant shall transfer the Ownership Interests only in the Book-Entry Certificates of Certificate Owners it represents or of brokerage firms for which it acts as agent in accordance with the Depository's normal procedures.

The Trustee, the Master Servicer and the Company may for all purposes (including the making of payments due on the respective Classes of Book-Entry Certificates) deal with the Depository as the authorized representative of the Certificate Owners with respect to the respective Classes of Book-Entry Certificates for the purposes of exercising the rights of

Certificateholders hereunder. The rights of Certificate Owners with respect to the respective Classes of Book-Entry Certificates shall be limited to those established by law and agreements between such Certificate Owners and the Depository Participants and brokerage firms representing such Certificate Owners. Multiple requests and directions from, and votes of, the Depository as Holder of any Class of Book-Entry Certificates with respect to any particular matter shall not be deemed inconsistent if they are made with respect to different Certificate Owners. The Trustee may establish a reasonable record date in connection with solicitations of consents from or voting by Certificateholders and shall give notice to the Depository of such record date.

If (i)(A) the Company advises the Trustee in writing that the Depository is no longer willing or able to properly discharge its responsibilities as Depository and (B) the Company is unable to locate a qualified successor or (ii) the Company notifies the Depository and the Trustee of its intent to terminate the book-entry system and, upon receipt of notice of such intent from the Depository, the Depository Participants holding beneficial interests in the Book-Entry Certificates agree to such termination through the Depository, the Trustee shall notify all Certificate Owners, through the Depository, of the occurrence of any such event and of the availability of Definitive Certificates to Certificate Owners requesting the same. Upon surrender to the Trustee of the Book-Entry Certificates by the Depository, accompanied by registration instructions from the Depository for registration of transfer, the Trustee shall execute, authenticate and deliver the Definitive Certificates. In addition, if an Event of Default has occurred and is continuing, each Certificate Owner materially adversely affected thereby may at its option request a Definitive Certificate evidencing such Certificate Owner's Percentage Interest in the related Class of Certificates. In order to make such a request, such Certificate Owner shall, subject to the rules and procedures of the Depository, provide the Depository or the related Depository Participant with directions for the Certificate Registrar to exchange or cause the exchange of the Certificate Owner's interest in such Class of Certificates for an equivalent Percentage Interest in fully registered definitive form. Upon receipt by the Certificate Registrar of instructions from the Depository directing the Certificate Registrar to effect such exchange (such instructions shall contain information regarding the Class of Certificates and the Certificate Principal Balance being exchanged, the Depository Participant account to be debited with the decrease, the registered holder of and delivery instructions for the Definitive Certificate, and any other information reasonably required by the Certificate Registrar), (i) the Certificate Registrar shall instruct the Depository to reduce the related Depository Participant's account by the aggregate Certificate Principal Balance of the Definitive Certificate, (ii) the Trustee shall execute and the Certificate Registrar shall authenticate and deliver, in accordance with the registration and delivery instructions provided by the Depository, a Definitive Certificate evidencing such Certificate Owner's Percentage Interest in such Class of Certificates and (iii) the Trustee shall execute and the Certificate Registrar shall authenticate a new Book-Entry Certificate reflecting the reduction in the aggregate Certificate Principal Balance of such Class of Certificates by the Certificate Principal Balance of the Definitive Certificate.

None of the Company, the Master Servicer or the Trustee shall be liable for any actions taken by the Depository or its nominee, including, without limitation, any delay in delivery of any instructions required under Section 5.01 and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Certificates, the Trustee and the

Master Servicer shall recognize the Holders of the Definitive Certificates as Certificateholders hereunder.

(c) If the Class A-V Certificates are Definitive Certificates, from time to time Residential Funding, as the initial Holder of the Class A-V Certificates, may exchange such Holder's Class A-V Certificates for Subclasses of Class A-V Certificates to be issued under this Agreement by delivering a "Request for Exchange" substantially in the form attached to this Agreement as Exhibit N executed by an authorized officer, which Subclasses, in the aggregate, will represent the Uncertificated Class A-V REMIC Regular Interests corresponding to the Class A-V Certificates so surrendered for exchange. Any Subclass so issued shall bear a numerical designation commencing with Class A-V-1 and continuing sequentially thereafter, and will evidence ownership of the Uncertificated REMIC Regular Interest or Interests specified in writing by such initial Holder to the Trustee. The Trustee may conclusively, without any independent verification, rely on, and shall be protected in relying on, Residential Funding's determinations of the Uncertificated Class A-V REMIC Regular Interests corresponding to any Subclass, the Initial Notional Amount and the initial Pass-Through Rate on a Subclass as set forth in such Request for Exchange and the Trustee shall have no duty to determine if any Uncertificated Class A-V REMIC Regular Interest designated on a Request for Exchange corresponds to a Subclass which has previously been issued. Each Subclass so issued shall be substantially in the form set forth in Exhibit A and shall, on original issue, be executed and delivered by the Trustee to the Certificate Registrar for authentication and delivery in accordance with Section 5.01(a). Every Certificate presented or surrendered for exchange by the initial Holder shall (if so required by the Trustee or the Certificate Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer attached to such Certificate and shall be completed to the satisfaction of the Trustee and the Certificate Registrar duly executed by, the initial Holder thereof or his attorney duly authorized in writing. The Certificates of any Subclass of Class A-V Certificates may be transferred in whole, but not in part, in accordance with the provisions of Section 5.02.

Section 5.02. Registration of Transfer and Exchange of Certificates.

(a) The Trustee shall cause to be kept at one of the offices or agencies to be appointed by the Trustee in accordance with the provisions of Section 8.12 a Certificate Register in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of Certificates and of transfers and exchanges of Certificates as herein provided. The Trustee is initially appointed Certificate Registrar for the purpose of registering Certificates and transfers and exchanges of Certificates as herein provided. The Certificate Registrar, or the Trustee, shall provide the Master Servicer with a certified list of Certificateholders as of each Record Date prior to the related Determination Date.

(b) Upon surrender for registration of transfer of any Certificate at any office or agency of the Trustee maintained for such purpose pursuant to Section 8.12 and, in the case of any Class M, Class B, Class P or Class R Certificate, upon satisfaction of the conditions set forth below, the Trustee shall execute and the Certificate Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of a like Class (or Subclass) and aggregate Percentage Interest.

(c) At the option of the Certificateholders, Certificates may be exchanged for other Certificates of authorized denominations of a like Class (or Subclass) and aggregate Percentage Interest, upon surrender of the Certificates to be exchanged at any such office or agency. Whenever any Certificates are so surrendered for exchange the Trustee shall execute and the Certificate Registrar shall authenticate and deliver the Certificates of such Class which the Certificateholder making the exchange is entitled to receive. Every Certificate presented or surrendered for transfer or exchange shall (if so required by the Trustee or the Certificate Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing.

(d) No transfer, sale, pledge or other disposition of a Class B Certificate or Class P Certificate shall be made unless such transfer, sale, pledge or other disposition is exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities laws or is made in accordance with said Act and laws. In the event that a transfer of a Class B Certificate or Class P Certificate is to be made either (i)(A) the Trustee shall require a written Opinion of Counsel acceptable to and in form and substance satisfactory to the Trustee and the Company that such transfer may be made pursuant to an exemption, describing the applicable exemption and the basis therefor, from said Act and laws or is being made pursuant to said Act and laws, which Opinion of Counsel shall not be an expense of the Trustee, the Company or the Master Servicer (except that, if such transfer is made by the Company or the Master Servicer or any Affiliate thereof, the Company or the Master Servicer shall provide such Opinion of Counsel at their own expense); provided that such Opinion of Counsel will not be required in connection with the initial transfer of any such Certificate by the Company or any Affiliate thereof to the Company or an Affiliate of the Company and (B) the Trustee shall require the transferee to execute a representation letter, substantially in the form of Exhibit H (with respect to any Class B Certificate) or Exhibit G-1 (with respect to any Class P Certificate) hereto, and the Trustee shall require the transferor to execute a representation letter, substantially in the form of Exhibit I hereto, each acceptable to and in form and substance satisfactory to the Company and the Trustee certifying to the Company and the Trustee the facts surrounding such transfer, which representation letters shall not be an expense of the Trustee, the Company or the Master Servicer; provided, however, that such representation letters will not be required in connection with any transfer of any such Certificate by the Company or any Affiliate thereof to the Company or an Affiliate of the Company, and the Trustee shall be entitled to conclusively rely upon a representation (which, upon the request of the Trustee, shall be a written representation) from the Company, of the status of such transferee as an Affiliate of the Company or (ii) the prospective transferee of such a Certificate shall be required to provide the Trustee, the Company and the Master Servicer with an investment letter substantially in the form of Exhibit J attached hereto (or such other form as the Company in its sole discretion deems acceptable), which investment letter shall not be an expense of the Trustee, the Company or the Master Servicer, and which investment letter states that, among other things, such transferee (A) is a "qualified institutional buyer" as defined under Rule 144A, acting for its own account or the accounts of other "qualified institutional buyers" as defined under Rule 144A, and (B) is aware that the proposed transferor intends to rely on the exemption from registration requirements under the Securities Act of 1933, as amended, provided by Rule 144A. The Holder of any such Certificate desiring to effect any such transfer, sale, pledge or other disposition shall, and does hereby agree to, indemnify the Trustee, the Company, the Master Servicer and the Certificate

Registrar against any liability that may result if the transfer, sale, pledge or other disposition is not so exempt or is not made in accordance with such federal and state laws.

(e) (i) In the case of any Class B, Class P or Class R Certificate presented for registration in the name of any Person, either (A) the Trustee shall require an Opinion of Counsel acceptable to and in form and substance satisfactory to the Trustee, the Company and the Master Servicer to the effect that the purchase or holding of such Class B, Class P or Class R Certificate is permissible under applicable law, will not constitute or result in any non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code (or comparable provisions of any subsequent enactments), and will not subject the Trustee, the Company or the Master Servicer to any obligation or liability (including obligations or liabilities under ERISA or Section 4975 of the Code) in addition to those undertaken in this Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Company or the Master Servicer or (B) the prospective Transferee shall be required to provide the Trustee, the Company and the Master Servicer with a certification to the effect set forth in paragraph six of Exhibit H (with respect to any Class B Certificate) or paragraph fifteen of Exhibit G-1 (with respect to any Class R Certificate or Class P Certificate), which the Trustee may rely upon without further inquiry or investigation, or such other certifications as the Trustee may deem desirable or necessary in order to establish that such Transferee or the Person in whose name such registration is requested either (a) is not an employee benefit plan or other plan subject to the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any Person (including an investment manager, a named fiduciary or a trustee of any such plan) who is using "plan assets" of any such plan to effect such acquisition (each, a "Plan Investor") or (b) in the case of any Class B Certificate, the following conditions are satisfied: (i) such Transferee is an insurance company, (ii) the source of funds used to purchase or hold such Certificate (or interest therein) is an "insurance company general account" (as defined in U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 95-60, and (iii) the conditions set forth in Sections I and III of PTCE 95-60 have been satisfied (each entity that satisfies this clause (b), a "Complying Insurance Company").

(ii) Any Transferee of a Class M Certificate will be deemed to have represented by virtue of its purchase or holding of such Certificate (or interest therein) that either (a) such Transferee is not a Plan Investor, (b) it has acquired and is holding such Certificate in reliance on Prohibited Transaction Exemption ("PTE") 94-29, as most recently amended, PTE 2002-41, 67 Fed. Reg. 54487 (August 22, 2002) (the "RFC Exemption"), and that it understands that there are certain conditions to the availability of the RFC Exemption including that such Certificate must be rated, at the time of purchase, not lower than "BBB-" (or its equivalent) by Standard & Poor's, Fitch or Moody's or (c) such Transferee is a Complying Insurance Company.

(iii) (A) If any Class M Certificate (or any interest therein) is acquired or held

by any Person that does not satisfy the conditions described in paragraph (ii) above, then the last preceding Transferee that either (i) is not a Plan Investor, (ii) acquired such Certificate in compliance with the RFC Exemption, or (iii) is a Complying Insurance Company shall be restored, to the extent permitted by law, to all rights and obligations as Certificate Owner thereof retroactive to the date of such Transfer of such Class M Certificate. The Trustee shall be under no liability to any Person for making any payments due on such Certificate to such preceding Transferee.

(B) Any purported Certificate Owner whose acquisition or holding of any Class M Certificate (or interest therein) was effected in violation of the restrictions in this Section 5.02(e) shall indemnify and hold harmless the Company, the Trustee, the Master Servicer, any Subservicer, the Underwriters and the Trust Fund from and against any and all liabilities, claims, costs or expenses incurred by such parties as a result of such acquisition or holding.

(f) (i) Each Person who has or who acquires any Ownership Interest in a Class R Certificate shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the following provisions and to have irrevocably authorized the Trustee or its designee under clause (iii)(A) below to deliver payments to a Person other than such Person and to negotiate the terms of any mandatory sale under clause (iii)(B) below and to execute all instruments of transfer and to do all other things necessary in connection with any such sale. The rights of each Person acquiring any Ownership Interest in a Class R Certificate are expressly subject to the following provisions:

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

(B) In connection with any proposed Transfer of any Ownership Interest in a Class R Certificate, the Trustee shall require delivery to it, and shall not register the Transfer of any Class R Certificate until its receipt of, (I) an affidavit and agreement (a "Transfer Affidavit and Agreement," in the form attached hereto as Exhibit G-1) from the proposed Transferee, in form and substance satisfactory to the Master Servicer, representing and warranting, among other things, that it is a Permitted Transferee, that it is not acquiring its Ownership Interest in the Class R Certificate that is the subject of the proposed Transfer as a nominee, trustee or agent for any Person who is not a Permitted Transferee, that for so long as it retains its Ownership Interest in a Class R Certificate, it will endeavor to remain a Permitted Transferee, and that it has reviewed the provisions of this Section 5.02(f) and agrees to be bound by them, and (II) a certificate, in the form attached hereto as Exhibit G-2, from the Holder wishing to transfer the Class R Certificate, in form and substance satisfactory to the Master Servicer, representing and warranting, among other things, that no purpose of the proposed Transfer is to impede the assessment or collection of tax.

(C) Notwithstanding the delivery of a Transfer Affidavit and Agreement by a proposed Transferee under clause (B) above, if a Responsible Officer of the Trustee who is assigned to this Agreement has actual knowledge that the proposed Transferee is not a Permitted Transferee, no Transfer of an Ownership Interest in a Class R Certificate to such proposed Transferee shall be effected.

(D) Each Person holding or acquiring any Ownership Interest in a Class R Certificate shall agree (x) to require a Transfer Affidavit and Agreement from any other Person to whom such Person attempts to transfer its Ownership Interest in a Class R Certificate and (y) not to transfer its Ownership Interest unless it provides a certificate to the Trustee in the form attached hereto as Exhibit G-2.

(E) Each Person holding or acquiring an Ownership Interest in a Class R Certificate, by purchasing an Ownership Interest in such Certificate, agrees to give the Trustee written notice that it is a "pass-through interest holder" within the meaning of Temporary Treasury Regulations Section 1.67-3T(a)(2)(i)(A) immediately upon acquiring an Ownership Interest in a Class R Certificate, if it is, or is holding an Ownership Interest in a Class R Certificate on behalf of, a "pass-through interest holder."

(ii) The Trustee shall register the Transfer of any Class R Certificate only if it shall have received the Transfer Affidavit and Agreement, a certificate of the Holder requesting such transfer in the form attached hereto as Exhibit G-2 and all of such other documents as shall have been reasonably required by the Trustee as a condition to such registration. Transfers of the Class R Certificates to Non-United States Persons and Disqualified Organizations (as defined in Section 860E(e)(5) of the Code) are prohibited.

(iii) (A) If any Disqualified Organization shall become a holder of a Class R Certificate, then the last preceding Permitted Transferee shall be restored, to the extent permitted by law, to all rights and obligations as Holder thereof retroactive to the date of registration of such Transfer of such Class R Certificate. If a Non-United States Person shall become a holder of a Class R Certificate, then the last preceding United States Person shall be restored, to the extent permitted by law, to all rights and obligations as Holder thereof retroactive to the date of registration of such Transfer of such Class R Certificate. If a transfer of a Class R Certificate is disregarded pursuant to the provisions of Treasury Regulations Section 1.860E-1 or Section 1.860G-3, then the last preceding Permitted Transferee shall be restored, to the extent permitted by law, to all rights and obligations as Holder thereof retroactive to the date of registration of such Transfer of such Class R Certificate. The Trustee shall be under no liability to any Person for any registration of Transfer of a Class R Certificate that is in fact not permitted by this Section 5.02(f) or for making any payments due on such Certificate to the holder thereof or for taking any other action with respect to such holder under the provisions of this Agreement.

(B) If any purported Transferee shall become a Holder of a Class R Certificate in violation of the restrictions in this Section 5.02(f) and to the extent that the retroactive restoration of the rights of the Holder of such Class R Certificate as described in clause (iii)(A) above shall be invalid, illegal or unenforceable, then the Master Servicer shall have the right, without notice to the holder or any prior holder of such Class R Certificate, to sell such Class R Certificate to a purchaser selected by the Master Servicer on such terms as the Master Servicer may choose. Such purported Transferee shall promptly endorse and deliver each Class R Certificate in accordance with the instructions of the Master Servicer. Such purchaser may be the Master Servicer itself or any Affiliate of the Master Servicer. The proceeds of such sale, net of the commissions (which may include commissions payable to the Master Servicer or its Affiliates), expenses and taxes due, if any, shall be remitted by the Master Servicer to such purported Transferee. The terms and conditions of any sale under this clause (iii)(B) shall be determined in the sole discretion of the Master Servicer, and the Master Servicer shall not be liable to any Person having an Ownership Interest in a Class R Certificate as a result of its exercise of such discretion.

(iv) The Master Servicer, on behalf of the Trustee, shall make available, upon written request from the Trustee, all information necessary to compute any tax imposed (A) as a result of the Transfer of an Ownership Interest in a Class R Certificate to any Person who is a Disqualified Organization, including the information regarding "excess inclusions" of such Class R Certificates required to be provided to the Internal Revenue Service and certain Persons as described in Treasury Regulations Sections 1.860D-1(b)(5) and 1.860E-2(a)(5), and (B) as a result of any regulated investment company, real estate investment trust, common trust fund, partnership, trust, estate or organization described in Section 1381 of the Code that holds an Ownership Interest in a Class R Certificate having as among its record holders at any time any Person who is a Disqualified Organization. Reasonable compensation for providing such information may be required by the Master Servicer from such Person.

(v) The provisions of this Section 5.02(f) set forth prior to this clause (v) may be modified, added to or eliminated, provided that there shall have been delivered to the Trustee the following:

(A) written notification from each Rating Agency to the effect that the modification, addition to or elimination of such provisions will not cause such Rating Agency to downgrade its then-current ratings, if any, of any Class of the Senior (in the case of the Insured Certificates (as defined in the Series Supplement), such determination shall be made without giving effect to the Certificate Policy (as defined in the Series Supplement)), Class M or Class B Certificates below the lower of the then-current rating or the rating assigned to such Certificates as of the Closing Date by such Rating Agency; and

(B) subject to Section 10.01(f), an Officers' Certificate of the Master Servicer stating that the Master Servicer has received an Opinion of Counsel, in

form and substance satisfactory to the Master Servicer, to the effect that such modification, addition to or absence of such provisions will not cause any portion of any REMIC formed under the Series Supplement to cease to qualify as a REMIC and will not cause (x) any portion of any REMIC formed under the Series Supplement to be subject to an entity-level tax caused by the Transfer of any Class R Certificate to a Person that is a Disqualified Organization or (y) a Certificateholder or another Person to be subject to a REMIC-related tax caused by the Transfer of a Class R Certificate to a Person that is not a Permitted Transferee.

(g) No service charge shall be made for any transfer or exchange of Certificates of any Class, but the Trustee may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

(h) All Certificates surrendered for transfer and exchange shall be destroyed by the Certificate Registrar.

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

If (i) any mutilated Certificate is surrendered to the Certificate Registrar, or the Trustee and the Certificate Registrar receive evidence to their satisfaction of the destruction, loss or theft of any Certificate, and (ii) there is delivered to the Trustee and the Certificate Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Trustee or the Certificate Registrar that such Certificate has been acquired by a bona fide purchaser, the Trustee shall execute and the Certificate Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like tenor, Class and Percentage Interest but bearing a number not contemporaneously outstanding. Upon the issuance of any new Certificate under this Section, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Certificate Registrar) connected therewith. Any duplicate Certificate issued pursuant to this Section shall constitute complete and indefeasible evidence of ownership in the Trust Fund, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

Section 5.04. Persons Deemed Owners.

Prior to due presentation of a Certificate for registration of transfer, the Company, the Master Servicer, the Trustee, any Certificate Insurer, the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee, any Certificate Insurer or the Certificate Registrar may treat the Person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.02 and for all other purposes whatsoever, except as and to the extent provided in the definition of "Certificateholder," and neither the Company, the Master Servicer, the Trustee, any Certificate Insurer, the Certificate Registrar nor any agent of the Company, the Master Servicer, the Trustee,

any Certificate Insurer or the Certificate Registrar shall be affected by notice to the contrary except as provided in Section 5.02(f).

Section 5.05. Appointment of Paying Agent.

The Trustee may appoint a Paying Agent for the purpose of making distributions to the Certificateholders pursuant to Section 4.02. In the event of any such appointment, on or prior to each Distribution Date the Master Servicer on behalf of the Trustee shall deposit or cause to be deposited with the Paying Agent a sum sufficient to make the payments to the Certificateholders in the amounts and in the manner provided for in Section 4.02, such sum to be held in trust for the benefit of the Certificateholders.

The Trustee shall cause each Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent shall hold all sums held by it for the payment to the Certificateholders in trust for the benefit of the Certificateholders entitled thereto until such sums shall be distributed to such Certificateholders. Any sums so held by such Paying Agent shall be held only in Eligible Accounts to the extent such sums are not distributed to the Certificateholders on the date of receipt by such Paying Agent.

Section 5.06. U.S.A. Patriot Act Compliance.

In order for it to comply with its duties under the U.S.A. Patriot Act, the Trustee may obtain and verify certain information from the other parties hereto, including but not limited to such parties' name, address and other identifying information.

ARTICLE VI

THE COMPANY AND THE MASTER SERVICER

Section 6.01. Respective Liabilities of the Company and the Master Servicer.

The Company and the Master Servicer shall each be liable in accordance herewith only to the extent of the obligations specifically and respectively imposed upon and undertaken by the Company and the Master Servicer herein. By way of illustration and not limitation, the Company is not liable for the servicing and administration of the Mortgage Loans, nor is it obligated by Section 7.01 or Section 10.01 to assume any obligations of the Master Servicer or to appoint a designee to assume such obligations, nor is it liable for any other obligation hereunder that it may, but is not obligated to, assume unless it elects to assume such obligation in accordance herewith.

Section 6.02. Merger or Consolidation of the Company or the Master Servicer; Assignment of Rights and Delegation of Duties by Master Servicer.

(a) The Company and the Master Servicer shall each keep in full effect its existence, rights and franchises as a corporation under the laws of the state of its incorporation, and shall each obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the Certificates or any of the Mortgage Loans and to perform its respective duties under this Agreement.

(b) Any Person into which the Company or the Master Servicer may be merged or consolidated, or any corporation resulting from any merger or consolidation to which the Company or the Master Servicer shall be a party, or any Person succeeding to the business of the Company or the Master Servicer, shall be the successor of the Company or the Master Servicer, as the case may be, hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that the successor or surviving Person to the Master Servicer shall be qualified to service mortgage loans on behalf of Fannie Mae or Freddie Mac; and provided further that each Rating Agency's ratings, if any, of the Senior (in the case of the Insured Certificates (as defined in the Series Supplement), such determination shall be made without giving effect to the Certificate Policy (as defined in the Series Supplement)), Class M or Class B Certificates in effect immediately prior to such merger or consolidation will not be qualified, reduced or withdrawn as a result thereof (as evidenced by a letter to such effect from each Rating Agency).

(c) Notwithstanding anything else in this Section 6.02 and Section 6.04 to the contrary, the Master Servicer may assign its rights and delegate its duties and obligations under this Agreement; provided that the Person accepting such assignment or delegation shall be a Person which is qualified to service mortgage loans on behalf of Fannie Mae or Freddie Mac, is reasonably satisfactory to the Trustee and the Company, is willing to service the Mortgage Loans and executes and delivers to the Company and the Trustee an agreement, in form and substance reasonably satisfactory to the Company and the Trustee, which contains an assumption by such Person of the due and punctual performance and observance of each covenant and condition to

be performed or observed by the Master Servicer under this Agreement; provided further that each Rating Agency's rating of the Classes of Certificates (in the case of the Insured Certificates (as defined in the Series Supplement), such determination shall be made without giving effect to the Certificate Policy (as defined in the Series Supplement)) that have been rated in effect immediately prior to such assignment and delegation will not be qualified, reduced or withdrawn as a result of such assignment and delegation (as evidenced by a letter to such effect from each Rating Agency). In the case of any such assignment and delegation, the Master Servicer shall be released from its obligations under this Agreement, except that the Master Servicer shall remain liable for all liabilities and obligations incurred by it as Master Servicer hereunder prior to the satisfaction of the conditions to such assignment and delegation set forth in the next preceding sentence. Notwithstanding the foregoing, in the event of a pledge or assignment by the Master Servicer solely of its rights to purchase all assets of the Trust Fund under Section 9.01(a) (or, if so specified in Section 9.01(a), its rights to purchase the Mortgage Loans and property acquired related to such Mortgage Loans or its rights to purchase the Certificates related thereto), the provisos of the first sentence of this paragraph will not apply.

Section 6.03. Limitation on Liability of the Company, the Master Servicer and Others.

Neither the Company, the Master Servicer nor any of the directors, officers, employees or agents of the Company or the Master Servicer shall be under any liability to the Trust Fund or the Certificateholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Company, the Master Servicer or any such Person against any breach of warranties or representations made herein or any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. The Company, the Master Servicer and any director, officer, employee or agent of the Company or the Master Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Company, the Master Servicer and any director, officer, employee or agent of the Company or the Master Servicer shall be indemnified by the Trust Fund and held harmless against any loss, liability or expense incurred in connection with any legal action relating to this Agreement or the Certificates, other than any loss, liability or expense related to any specific Mortgage Loan or Mortgage Loans (except as any such loss, liability or expense shall be otherwise reimbursable pursuant to this Agreement) and any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder.

Neither the Company nor the Master Servicer shall be under any obligation to appear in, prosecute or defend any legal or administrative action, proceeding, hearing or examination that is not incidental to its respective duties under this Agreement and which in its opinion may involve it in any expense or liability; provided, however, that the Company or the Master Servicer may in its discretion undertake any such action, proceeding, hearing or examination that it may deem necessary or desirable in respect to this Agreement and the rights and duties of the parties hereto and the interests of the Certificateholders hereunder. In such event, the legal expenses and costs of such action, proceeding, hearing or examination and any liability resulting therefrom shall be

expenses, costs and liabilities of the Trust Fund, and the Company and the Master Servicer shall be entitled to be reimbursed therefor out of amounts attributable to the Mortgage Loans on deposit in the Custodial Account as provided by Section 3.10 and, on the Distribution Date(s) following such reimbursement, the aggregate of such expenses and costs shall be allocated in reduction of the Accrued Certificate Interest on each Class entitled thereto in the same manner as if such expenses and costs constituted a Prepayment Interest Shortfall.

Section 6.04. Company and Master Servicer Not to Resign.

Subject to the provisions of Section 6.02, neither the Company nor the Master Servicer shall resign from its respective obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination permitting the resignation of the Company or the Master Servicer shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee. No such resignation by the Master Servicer shall become effective until the Trustee or a successor servicer shall have assumed the Master Servicer's responsibilities and obligations in accordance with Section 7.02.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default.

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

(i) the Master Servicer shall fail to deposit or cause to be deposited into the Certificate Account any amounts required to be so deposited therein at the time required pursuant to Section 4.01 or otherwise or the Master Servicer shall fail to distribute or cause to be distributed to the Holders of Certificates of any Class any distribution required to be made under the terms of the Certificates of such Class and this Agreement and, in each case, such failure shall continue unremedied for a period of 5 days after the date upon which written notice of such failure, requiring such failure to be remedied, shall have been given to the Master Servicer by the Trustee or the Company or to the Master Servicer, the Company and the Trustee by the Holders of Certificates of such Class evidencing Percentage Interests aggregating not less than 25%; or

(ii) the Master Servicer shall fail to observe or perform in any material respect any other of the covenants or agreements on the part of the Master Servicer contained in the Certificates of any Class or in this Agreement and such failure shall continue unremedied for a period of 30 days (except that such number of days shall be 15 in the case of a failure to pay the premium for any Required Insurance Policy) after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Master Servicer by the Trustee or the Company, or to the Master Servicer, the Company and the Trustee by the Holders of Certificates of any Class evidencing, in the case of any such Class, Percentage Interests aggregating not less than 25%; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises in an involuntary case under any present or future federal or state bankruptcy, insolvency or similar law or appointing a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days; or

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

(v) the Master Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of, or commence a

voluntary case under, any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations; or

(vi) the Master Servicer shall notify the Trustee pursuant to Section 4.04(b) that it is unable to deposit in the Certificate Account an amount equal to the Advance.

If an Event of Default described in clauses (i)-(v) of this Section shall occur, then, and in each and every such case, so long as such Event of Default shall not have been remedied, either the Company or the Trustee may, and at the direction of Holders of Certificates entitled to at least 51% of the Voting Rights, the Trustee shall, by notice in writing to the Master Servicer (and to the Company if given by the Trustee or to the Trustee if given by the Company), terminate all of the rights and obligations of the Master Servicer under this Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its rights as a Certificateholder hereunder. If an Event of Default described in clause (vi) hereof shall occur, the Trustee shall, by notice to the Master Servicer and the Company, immediately terminate all of the rights and obligations of the Master Servicer under this Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its rights as a Certificateholder hereunder as provided in Section 4.04(b). On or after the receipt by the Master Servicer of such written notice, all authority and power of the Master Servicer under this Agreement, whether with respect to the Certificates (other than as a Holder thereof) or the Mortgage Loans or otherwise, shall subject to Section 7.02 pass to and be vested in the Trustee or the Trustee's designee appointed pursuant to Section 7.02; and, without limitation, the Trustee is hereby authorized and empowered to execute and deliver, on behalf of the Master Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement or assignment of the Mortgage Loans and related documents, or otherwise. The Master Servicer agrees to cooperate with the Trustee in effecting the termination of the Master Servicer's responsibilities and rights hereunder, including, without limitation, the transfer to the Trustee or its designee for administration by it of all cash amounts which shall at the time be credited to the Custodial Account or the Certificate Account or thereafter be received with respect to the Mortgage Loans. No such termination shall release the Master Servicer for any liability that it would otherwise have hereunder for any act or omission prior to the effective time of such termination.

Notwithstanding any termination of the activities of Residential Funding in its capacity as Master Servicer hereunder, Residential Funding shall be entitled to receive, out of any late collection of a Monthly Payment on a Mortgage Loan which was due prior to the notice terminating Residential Funding's rights and obligations as Master Servicer hereunder and received after such notice, that portion to which Residential Funding would have been entitled pursuant to Sections 3.10(a)(ii), (vi) and (vii) as well as its Servicing Fee in respect thereof, and any other amounts payable to Residential Funding hereunder the entitlement to which arose prior to the termination of its activities hereunder. Upon the termination of Residential Funding as Master Servicer hereunder the Company shall deliver to the Trustee a copy of the Program Guide.

Section 7.02. Trustee or Company to Act; Appointment of Successor.

(a) On and after the time the Master Servicer receives a notice of termination pursuant to Section 7.01 or resigns in accordance with Section 6.04, the Trustee or, upon notice to the Company and with the Company's consent (which shall not be unreasonably withheld) a designee (which meets the standards set forth below) of the Trustee, shall be the successor in all respects to the Master Servicer in its capacity as servicer under this Agreement and the transactions set forth or provided for herein and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Master Servicer (except for the responsibilities, duties and liabilities contained in Sections 2.02 and 2.03(a), excluding the duty to notify related Subservicers or Sellers as set forth in such Sections, and its obligations to deposit amounts in respect of losses incurred prior to such notice or termination on the investment of funds in the Custodial Account or the Certificate Account pursuant to Sections 3.07(c) and 4.01(b) by the terms and provisions hereof); provided, however, that any failure to perform such duties or responsibilities caused by the preceding Master Servicer's failure to provide information required by Section 4.04 shall not be considered a default by the Trustee hereunder. As compensation therefor, the Trustee shall be entitled to all funds relating to the Mortgage Loans which the Master Servicer would have been entitled to charge to the Custodial Account or the Certificate Account if the Master Servicer had continued to act hereunder and, in addition, shall be entitled to the income from any Permitted Investments made with amounts attributable to the Mortgage Loans held in the Custodial Account or the Certificate Account. If the Trustee has become the successor to the Master Servicer in accordance with Section 6.04 or Section 7.01, then notwithstanding the above, the Trustee may, if it shall be unwilling to so act, or shall, if it is unable to so act, appoint, or petition a court of competent jurisdiction to appoint, any established housing and home finance institution, which is also a Fannie Mae- or Freddie Mac-approved mortgage servicing institution, having a net worth of not less than $10,000,000 as the successor to the Master Servicer hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Master Servicer hereunder. Pending appointment of a successor to the Master Servicer hereunder, the Trustee shall become successor to the Master Servicer and shall act in such capacity as hereinabove provided. In connection with such appointment and assumption, the Trustee may make such arrangements for the compensation of such successor out of payments on Mortgage Loans as it and such successor shall agree; provided, however, that no such compensation shall be in excess of that permitted the initial Master Servicer hereunder. The Company, the Trustee, the Custodian and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. The Servicing Fee for any successor Master Servicer appointed pursuant to this Section 7.02 will be lowered with respect to those Mortgage Loans, if any, where the Subservicing Fee accrues at a rate of less than 0.20% per annum in the event that the successor Master Servicer is not servicing such Mortgage Loans directly and it is necessary to raise the related Subservicing Fee to a rate of 0.20% per annum in order to hire a Subservicer with respect to such Mortgage Loans. The Master Servicer shall pay the reasonable expenses of the Trustee in connection with any servicing transition hereunder.

(b) In connection with the termination or resignation of the Master Servicer hereunder, either (i) the successor Master Servicer, including the Trustee if the Trustee is acting as successor Master Servicer, shall represent and warrant that it is a member of MERS in good standing and shall agree to comply in all material respects with the rules and procedures of MERS in

connection with the servicing of the Mortgage Loans that are registered with MERS, in which case the predecessor Master Servicer shall cooperate with the successor Master Servicer in causing MERS to revise its records to reflect the transfer of servicing to the successor Master Servicer as necessary under MERS' rules and regulations, or (ii) the predecessor Master Servicer shall cooperate with the successor Master Servicer in causing MERS to execute and deliver an assignment of Mortgage in recordable form to transfer the Mortgage from MERS to the Trustee and to execute and deliver such other notices, documents and other instruments as may be necessary or desirable to effect a transfer of such Mortgage Loan or servicing of such Mortgage Loan on the MERS® System to the successor Master Servicer. The predecessor Master Servicer shall file or cause to be filed any such assignment in the appropriate recording office. The predecessor Master Servicer shall bear any and all fees of MERS, costs of preparing any assignments of Mortgage, and fees and costs of filing any assignments of Mortgage that may be required under this subsection (b). The successor Master Servicer shall cause such assignment to be delivered to the Trustee or the Custodian promptly upon receipt of the original with evidence of recording thereon or a copy certified by the public recording office in which such assignment was recorded.

Section 7.03. Notification to Certificateholders.

(a) Upon any such termination or appointment of a successor to the Master Servicer, the Trustee shall give prompt written notice thereof to the Certificateholders at their respective addresses appearing in the Certificate Register.

(b) Within 60 days after the occurrence of any Event of Default, the Trustee shall transmit by mail to all Holders of Certificates notice of each such Event of Default hereunder known to the Trustee, unless such Event of Default shall have been cured or waived.

Section 7.04. Waiver of Events of Default.

The Holders representing at least 66% of the Voting Rights affected by a default or Event of Default hereunder may waive such default or Event of Default; provided, however, that (a) a default or Event of Default under clause (i) of Section 7.01 may be waived only by all of the Holders of Certificates affected by such default or Event of Default and (b) no waiver pursuant to this Section 7.04 shall affect the Holders of Certificates in the manner set forth in Section 11.01(b)(i) or (ii). Upon any such waiver of a default or Event of Default by the Holders representing the requisite percentage of Voting Rights affected by such default or Event of Default, such default or Event of Default shall cease to exist and shall be deemed to have been remedied for every purpose hereunder. No such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.01. Duties of Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs.

(b) The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them to determine whether they conform to the requirements of this Agreement. The Trustee shall notify the Certificateholders of any such documents which do not materially conform to the requirements of this Agreement in the event that the Trustee, after so requesting, does not receive satisfactorily corrected documents.

The Trustee shall forward or cause to be forwarded in a timely fashion the notices, reports and statements required to be forwarded by the Trustee pursuant to Sections 4.03, 4.06, 7.03 and 10.01. The Trustee shall furnish in a timely fashion to the Master Servicer such information as the Master Servicer may reasonably request from time to time for the Master Servicer to fulfill its duties as set forth in this Agreement. The Trustee covenants and agrees that it shall perform its obligations hereunder in a manner so as to maintain the status of any portion of any REMIC formed under the Series Supplement as a REMIC under the REMIC Provisions and (subject to Section 10.01(f)) to prevent the imposition of any federal, state or local income, prohibited transaction, contribution or other tax on the Trust Fund to the extent that maintaining such status and avoiding such taxes are reasonably within the control of the Trustee and are reasonably within the scope of its duties under this Agreement.

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

(i) Prior to the occurrence of an Event of Default, and after the curing or waiver of all such Events of Default which may have occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, no implied covenants or obligations shall be read into this Agreement against the Trustee and, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished

to the Trustee by the Company or the Master Servicer and which on their face, do not contradict the requirements of this Agreement;

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

(iii) The Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Certificateholders of any Class holding Certificates which evidence, as to such Class, Percentage Interests aggregating not less than 25% as to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(iv) The Trustee shall not be charged with knowledge of any default (other than a default in payment to the Trustee) specified in clauses (i) and (ii) of Section 7.01 or an Event of Default under clauses (iii), (iv) and (v) of Section 7.01 unless a Responsible Officer of the Trustee assigned to and working in the Corporate Trust Office obtains actual knowledge of such failure or event or the Trustee receives written notice of such failure or event at its Corporate Trust Office from the Master Servicer, the Company or any Certificateholder; and

(v) Except to the extent provided in Section 7.02, no provision in this Agreement shall require the Trustee to expend or risk its own funds (including, without limitation, the making of any Advance) or otherwise incur any personal financial liability in the performance of any of its duties as Trustee hereunder, or in the exercise of any of its rights or powers, if the Trustee shall have reasonable grounds for believing that repayment of funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) The Trustee shall timely pay, from its own funds, the amount of any and all federal, state and local taxes imposed on the Trust Fund or its assets or transactions including, without limitation, (A) "prohibited transaction" penalty taxes as defined in Section 860F of the Code, if, when and as the same shall be due and payable, (B) any tax on contributions to a REMIC after the Closing Date imposed by Section 860G(d) of the Code and (C) any tax on "net income from foreclosure property" as defined in Section 860G(c) of the Code, but only if such taxes arise out of a breach by the Trustee of its obligations hereunder, which breach constitutes negligence or willful misconduct of the Trustee.

Section 8.02. Certain Matters Affecting the Trustee.

(a) Except as otherwise provided in Section 8.01:

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

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

(iii) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Certificateholders, pursuant to the provisions of this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs;

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

(v) Prior to the occurrence of an Event of Default hereunder and after the curing or waiver of all Events of Default which may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing so to do by Holders of Certificates of any Class evidencing, as to such Class, Percentage Interests, aggregating not less than 50%; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Agreement, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Master Servicer, if an Event of Default shall have occurred and is continuing, and otherwise by the Certificateholder requesting the investigation;

(vi) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys; and

(vii) To the extent authorized under the Code and the regulations promulgated thereunder, each Holder of a Class R-Certificate hereby irrevocably appoints and authorizes the Trustee to be its attorney-in-fact for purposes of signing any Tax Returns required to be filed on behalf of the Trust Fund. The Trustee shall sign on behalf of the Trust Fund and deliver to the Master Servicer in a timely manner any Tax Returns prepared by or on behalf of the Master Servicer that the Trustee is required to sign as determined by the Master Servicer pursuant to applicable federal, state or local tax laws,

provided that the Master Servicer shall indemnify the Trustee for signing any such Tax Returns that contain errors or omissions.

(b) Following the issuance of the Certificates, the Trustee shall not accept any contribution of assets to the Trust Fund unless (subject to Section 10.01(f)) it shall have obtained or been furnished with an Opinion of Counsel to the effect that such contribution will not (i) cause any portion of any REMIC formed under the Series Supplement to fail to qualify as a REMIC at any time that any Certificates are outstanding or (ii) cause the Trust Fund to be subject to any federal tax as a result of such contribution (including the imposition of any federal tax on "prohibited transactions" imposed under Section 860F(a) of the Code).

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

The recitals contained herein and in the Certificates (other than the execution of the Certificates and relating to the acceptance and receipt of the Mortgage Loans) shall be taken as the statements of the Company or the Master Servicer as the case may be, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Agreement or of the Certificates (except that the Certificates shall be duly and validly executed and authenticated by it as Certificate Registrar) or of any Mortgage Loan or related document, or of MERS or the MERS® System. Except as otherwise provided herein, the Trustee shall not be accountable for the use or application by the Company or the Master Servicer of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Company or the Master Servicer in respect of the Mortgage Loans or deposited in or withdrawn from the Custodial Account or the Certificate Account by the Company or the Master Servicer.

Section 8.04. Trustee May Own Certificates.

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

Section 8.05. Master Servicer to Pay Trustee's Fees and Expenses; Indemnification.

(a) The Master Servicer covenants and agrees to pay to the Trustee and any co-trustee from time to time, and the Trustee and any co-trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by each of them in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee and any co-trustee, and the Master Servicer will pay or reimburse the Trustee and any co-trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee or any co-trustee in accordance with any of the provisions of this Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ, and the expenses incurred by the Trustee or any co-trustee in connection with the appointment of an office or agency pursuant to Section 8.12) except any such expense, disbursement or advance as may arise from its negligence or bad faith.

(b) The Master Servicer agrees to indemnify the Trustee for, and to hold the Trustee harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the Trustee's part, arising out of, or in connection with, the acceptance and administration of the Trust Fund, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against any claim in connection with the exercise or performance of any of its powers or duties under this Agreement and the Custodial Agreement, and the Master Servicer further agrees to indemnify the Trustee for, and to hold the Trustee harmless against, any loss, liability or expense arising out of, or in connection with, the provisions set forth in the second paragraph of Section 2.01(c) hereof, including, without limitation, all costs, liabilities and expenses (including reasonable legal fees and expenses) of investigating and defending itself against any claim, action or proceeding, pending or threatened, relating to the provisions of this paragraph, provided that:

(i) with respect to any such claim, the Trustee shall have given the Master Servicer written notice thereof promptly after the Trustee shall have actual knowledge thereof;

(ii) while maintaining control over its own defense, the Trustee shall cooperate and consult fully with the Master Servicer in preparing such defense; and

(iii) notwithstanding anything in this Agreement to the contrary, the Master Servicer shall not be liable for settlement of any claim by the Trustee entered into without the prior consent of the Master Servicer which consent shall not be unreasonably withheld.

No termination of this Agreement shall affect the obligations created by this Section 8.05(b) of the Master Servicer to indemnify the Trustee under the conditions and to the extent set forth herein.

Notwithstanding the foregoing, the indemnification provided by the Master Servicer in this Section 8.05(b) shall not be available (A) for any loss, liability or expense of the Trustee, including the costs and expenses of defending itself against any claim, incurred in connection with any actions taken by the Trustee at the direction of the Certificateholders pursuant to the terms of this Agreement or (B) where the Trustee is required to indemnify the Master Servicer pursuant to Section 12.05(a).

Section 8.06. Eligibility Requirements for Trustee.

The Trustee hereunder shall at all times be a corporation or a national banking association having its principal office in a state and city acceptable to the Company and organized and doing business under the laws of such state or the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or state authority and the short-term rating of such institution shall be A-1 in the case of Standard & Poor's if Standard & Poor's is a Rating Agency. If such corporation or national banking association publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section the combined capital and surplus of

such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.07.

Section 8.07. Resignation and Removal of the Trustee.

(a) The Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice thereof to the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

(b) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 8.06 and shall fail to resign after written request therefor by the Company, or if at any time the Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. In addition, in the event that the Company determines that the Trustee has failed (i) to distribute or cause to be distributed to the Certificateholders any amount required to be distributed hereunder, if such amount is held by the Trustee or its Paying Agent (other than the Master Servicer or the Company) for distribution or (ii) to otherwise observe or perform in any material respect any of its covenants, agreements or obligations hereunder, and such failure shall continue unremedied for a period of 5 days (in respect of clause (i) above) or 30 days (in respect of clause (ii) above other than any failure to comply with the provisions of Article XII, in which case no notice or grace period shall be applicable) after the date on which written notice of such failure, requiring that the same be remedied, shall have been given to the Trustee by the Company, then the Company may remove the Trustee and appoint a successor trustee by written instrument delivered as provided in the preceding sentence. In connection with the appointment of a successor trustee pursuant to the preceding sentence, the Company shall, on or before the date on which any such appointment becomes effective, obtain from each Rating Agency written confirmation that the appointment of any such successor trustee will not result in the reduction of the ratings on any class of the Certificates below the lesser of the then current or original ratings on such Certificates.

(c) The Holders of Certificates entitled to at least 51% of the Voting Rights may at any time remove the Trustee and appoint a successor trustee by written instrument or instruments, in triplicate, signed by such Holders or their attorneys-in-fact duly authorized, one complete set of which instruments shall be delivered to the Company, one complete set to the Trustee so removed and one complete set to the successor so appointed.

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

Section 8.08. Successor Trustee.

(a) Any successor trustee appointed as provided in Section 8.07 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as trustee herein. The predecessor trustee shall deliver to the successor trustee all Mortgage Files and related documents and statements held by it hereunder (other than any Mortgage Files at the time held by a Custodian, which shall become the agent of any successor trustee hereunder), and the Company, the Master Servicer and the predecessor trustee shall execute and deliver such instruments and do such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor trustee all such rights, powers, duties and obligations.

(b) No successor trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 8.06.

(c) Upon acceptance of appointment by a successor trustee as provided in this Section, the Company shall mail notice of the succession of such trustee hereunder to all Holders of Certificates at their addresses as shown in the Certificate Register. If the Company fails to mail such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 8.09. Merger or Consolidation of Trustee.

Any corporation or national banking association into which the Trustee may be merged or converted or with which it may be consolidated or any corporation or national banking association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or national banking association succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or national banking association shall be eligible under the provisions of Section 8.06, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Trustee shall mail notice of any such merger or consolidation to the Certificateholders at their address as shown in the Certificate Register.

Section 8.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions hereof, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Fund or property securing the same may at the time be located, the Master Servicer and the Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or

more Persons approved by the Trustee to act as co-trustee or co-trustees, jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Fund, and to vest in such Person or Persons, in such capacity, such title to the Trust Fund, or any part thereof, and, subject to the other provisions of this Section 8.10, such powers, duties, obligations, rights and trusts as the Master Servicer and the Trustee may consider necessary or desirable. If the Master Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 8.06 hereunder and no notice to Holders of Certificates of the appointment of co-trustee(s) or separate trustee(s) shall be required under Section 8.08 hereof.

(b) In the case of any appointment of a co-trustee or separate trustee pursuant to this Section 8.10 all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee, and such separate trustee or co-trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee hereunder or as successor to the Master Servicer hereunder), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Fund or any portion thereof in any such jurisdiction) shall be exercised and performed by such separate trustee or co-trustee at the direction of the Trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Article VIII. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

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

Section 8.11. Appointment of Custodians.

The Trustee may, with the consent of the Master Servicer and the Company, or shall, at the direction of the Company and the Master Servicer, appoint one or more Custodians who are not Affiliates of the Company, the Master Servicer or any Seller to hold all or a portion of the Mortgage Files as agent for the Trustee, by entering into a Custodial Agreement. Subject to Article VIII, the Trustee agrees to comply with the terms of each Custodial Agreement and to enforce the terms and provisions thereof against the Custodian for the benefit of the

Certificateholders. Each Custodian shall be a depository institution subject to supervision by federal or state authority, shall have a combined capital and surplus of at least $15,000,000 and shall be qualified to do business in the jurisdiction in which it holds any Mortgage File. Each Custodial Agreement may be amended only as provided in Section 11.01. The Trustee shall notify the Certificateholders of the appointment of any Custodian (other than the Custodian appointed as of the Closing Date) pursuant to this Section 8.11.

Section 8.12. Appointment of Office or Agency.

The Trustee will maintain an office or agency in the United States at the address designated in Section 11.05 of the Series Supplement where Certificates may be surrendered for registration of transfer or exchange. The Trustee will maintain an office at the address stated in Section 11.05 of the Series Supplement where notices and demands to or upon the Trustee in respect of this Agreement may be served.

ARTICLE IX

TERMINATION OR OPTIONAL PURCHASE OF ALL CERTIFICATES

Section 9.01. Optional Purchase by the Master Servicer of All Certificates; Termination Upon Purchase by the Master Servicer or Liquidation of All Mortgage Loans

(a) Subject to Section 9.02, the respective obligations and responsibilities of the Company, the Master Servicer and the Trustee created hereby in respect of the Certificates (other than the obligation of the Trustee to make certain payments after the Final Distribution Date to Certificateholders and the obligation of the Company to send certain notices as hereinafter set forth) shall terminate upon the last action required to be taken by the Trustee on the Final Distribution Date pursuant to this Article IX following the earlier of:

(i) the later of the final payment or other liquidation (or any Advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan, or

(ii) the purchase by the Master Servicer of all Mortgage Loans and all property acquired in respect of any Mortgage Loan remaining in the Trust Fund at a price equal to 100% of the unpaid principal balance of each Mortgage Loan or, if less than such unpaid principal balance, the fair market value of the related underlying property of such Mortgage Loan with respect to Mortgage Loans as to which title has been acquired if such fair market value is less than such unpaid principal balance (net of any unreimbursed Advances attributable to principal) on the day of repurchase plus accrued interest thereon at the Net Mortgage Rate (or Modified Net Mortgage Rate in the case of any Modified Mortgage Loan) to, but not including, the first day of the month in which such repurchase price is distributed, provided, however, that in no event shall the trust created hereby continue beyond the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James, living on the date hereof and provided further that the purchase price set forth above shall be increased as is necessary, as determined by the Master Servicer, to avoid disqualification of any portion of any REMIC formed under the Series Supplement as a REMIC. The purchase price paid by the Master Servicer shall also include any amounts owed by Residential Funding pursuant to the last paragraph of Section 4 of the Assignment Agreement in respect of any liability, penalty or expense that resulted from a breach of the Compliance With Laws Representation, that remain unpaid on the date of such purchase.

The right of the Master Servicer to purchase all the assets of the Trust Fund pursuant to clause (ii) above is conditioned upon the Pool Stated Principal Balance as of the Final Distribution Date, prior to giving effect to distributions to be made on such Distribution Date, being less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

If such right is exercised by the Master Servicer, the Master Servicer shall be deemed to have been reimbursed for the full amount of any unreimbursed Advances theretofore made by it with respect to the Mortgage Loans. In addition, the Master Servicer shall provide to the Trustee the certification required by Section 3.15 and the Trustee and any Custodian shall, promptly following payment of the purchase price, release to the Master Servicer the Mortgage Files pertaining to the Mortgage Loans being purchased.

In addition to the foregoing, on any Distribution Date on which the Pool Stated Principal Balance, prior to giving effect to distributions to be made on such Distribution Date, is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans, the Master Servicer shall have the right, at its option, to purchase the Certificates in whole, but not in part, at a price equal to the outstanding Certificate Principal Balance of such Certificates plus the sum of Accrued Certificate Interest thereon for the related Interest Accrual Period and any previously unpaid Accrued Certificate Interest. If the Master Servicer exercises this right to purchase the outstanding Certificates, the Master Servicer will promptly terminate the respective obligations and responsibilities created hereby in respect of the Certificates pursuant to this Article IX.

(b) The Master Servicer shall give the Trustee not less than 40 days' prior notice of the Distribution Date on which the Master Servicer anticipates that the final distribution will be made to Certificateholders (whether as a result of the exercise by the Master Servicer of its right to purchase the assets of the Trust Fund or otherwise) or on which the Master Servicer anticipates that the Certificates will be purchased (as a result of the exercise by the Master Servicer to purchase the outstanding Certificates). Notice of any termination specifying the anticipated Final Distribution Date (which shall be a date that would otherwise be a Distribution Date) upon which the Certificateholders may surrender their Certificates to the Trustee (if so required by the terms hereof) for payment of the final distribution and cancellation or notice of any purchase of the outstanding Certificates, specifying the Distribution Date upon which the Holders may surrender their Certificates to the Trustee for payment, shall be given promptly by the Master Servicer (if it is exercising its right to purchase the assets of the Trust Fund or to purchase the outstanding Certificates), or by the Trustee (in any other case) by letter. Such notice shall be prepared by the Master Servicer (if it is exercising its right to purchase the assets of the Trust Fund or to purchase the outstanding Certificates), or by the Trustee (in any other case) and mailed by the Trustee to the Certificateholders not earlier than the 15th day and not later than the 25th day of the month next preceding the month of such final distribution specifying:

(iii) the anticipated Final Distribution Date upon which final payment of the Certificates is anticipated to be made upon presentation and surrender of Certificates at the office or agency of the Trustee therein designated where required pursuant to this Agreement or, in the case of the purchase by the Master Servicer of the outstanding Certificates, the Distribution Date on which such purchase is to be made,

(iv) the amount of any such final payment, or in the case of the purchase of the outstanding Certificates, the purchase price, in either case, if known, and

(v) that the Record Date otherwise applicable to such Distribution Date is not applicable, and in the case of the Senior Certificates, or in the case of all of the Certificates in connection with the exercise by the Master Servicer of its right to purchase the Certificates, that payment will be made only upon presentation and surrender of the Certificates at the office or agency of the Trustee therein specified.

If the Master Servicer is obligated to give notice to Certificateholders as aforesaid, it shall give such notice to the Certificate Registrar at the time such notice is given to Certificateholders and, if the Master Servicer is exercising its rights to purchase the outstanding Certificates, it shall give such notice to each Rating Agency at the time such notice is given to Certificateholders. As a result of the exercise by the Master Servicer of its right to purchase the assets of the Trust Fund, the Master Servicer shall deposit in the Certificate Account, before the Final Distribution Date in immediately available funds an amount equal to the purchase price for the assets of the Trust Fund, computed as provided above. As a result of the exercise by the Master Servicer of its right to purchase the outstanding Certificates, the Master Servicer shall deposit in an Eligible Account, established by the Master Servicer on behalf of the Trustee and separate from the Certificate Account in the name of the Trustee in trust for the registered holders of the Certificates, before the Distribution Date on which such purchase is to occur in immediately available funds an amount equal to the purchase price for the Certificates, computed as above provided, and provide notice of such deposit to the Trustee. The Trustee will withdraw from such account the amount specified in subsection (c) below.

(b) In the case of the Senior Certificates, upon presentation and surrender of the Certificates by the Certificateholders thereof, and in the case of the Class M and Class B Certificates, upon presentation and surrender of the Certificates by the Certificateholders thereof in connection with the exercise by the Master Servicer of its right to purchase the Certificates, and otherwise in accordance with Section 4.01(a), the Trustee shall distribute to the Certificateholders (i) the amount otherwise distributable on such Distribution Date, if not in connection with the Master Servicer's election to repurchase the assets of the Trust Fund or the outstanding Certificates, or (ii) if the Master Servicer elected to so repurchase the assets of the Trust Fund or the outstanding Certificates, an amount determined as follows: (A) with respect to each Certificate the outstanding Certificate Principal Balance thereof, plus Accrued Certificate Interest for the related Interest Accrual Period thereon and any previously unpaid Accrued Certificate Interest, subject to the priority set forth in Section 4.02(a), and (B) with respect to the Class R Certificates, any excess of the amounts available for distribution (including the repurchase price specified in clause (ii) of subsection (a) of this Section) over the total amount distributed under the immediately preceding clause (A). Notwithstanding the reduction of the Certificate Principal Balance of any Class of Subordinate Certificates to zero, such Class will be outstanding hereunder until the termination of the respective obligations and responsibilities of the Company, the Master Servicer and the Trustee hereunder in accordance with Article IX.

(c) If any Certificateholders shall not surrender their Certificates for final payment and cancellation on or before the Final Distribution Date (if so required by the terms hereof), the Trustee shall on such date cause all funds in the Certificate Account not distributed in final distribution to Certificateholders to be withdrawn therefrom and credited to the remaining Certificateholders by depositing such funds in a separate escrow account for the benefit of such Certificateholders, and the Master Servicer (if it exercised its right to purchase the assets of the

Trust Fund), or the Trustee (in any other case) shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. If within six months after the second notice any Certificate shall not have been surrendered for cancellation, the Trustee shall take appropriate steps as directed by the Master Servicer to contact the remaining Certificateholders concerning surrender of their Certificates. The costs and expenses of maintaining the escrow account and of contacting Certificateholders shall be paid out of the assets which remain in the escrow account. If within nine months after the second notice any Certificates shall not have been surrendered for cancellation, the Trustee shall pay to the Master Servicer all amounts distributable to the holders thereof and the Master Servicer shall thereafter hold such amounts until distributed to such Holders. No interest shall accrue or be payable to any Certificateholder on any amount held in the escrow account or by the Master Servicer as a result of such Certificateholder's failure to surrender its Certificate(s) for final payment thereof in accordance with this Section 9.01.

(d) If any Certificateholders do not surrender their Certificates on or before the Distribution Date on which a purchase of the outstanding Certificates is to be made, the Trustee shall on such date cause all funds in the Certificate Account deposited therein by the Master Servicer pursuant to Section 9.01(b) to be withdrawn therefrom and deposited in a separate escrow account for the benefit of such Certificateholders, and the Master Servicer shall give a second written notice to such Certificateholders to surrender their Certificates for payment of the purchase price therefor. If within six months after the second notice any Certificate shall not have been surrendered for cancellation, the Trustee shall take appropriate steps as directed by the Master Servicer to contact the Holders of such Certificates concerning surrender of their Certificates. The costs and expenses of maintaining the escrow account and of contacting Certificateholders shall be paid out of the assets which remain in the escrow account. If within nine months after the second notice any Certificates shall not have been surrendered for cancellation in accordance with this Section 9.01, the Trustee shall pay to the Master Servicer all amounts distributable to the Holders thereof and the Master Servicer shall thereafter hold such amounts until distributed to such Holders. No interest shall accrue or be payable to any Certificateholder on any amount held in the escrow account or by the Master Servicer as a result of such Certificateholder's failure to surrender its Certificate(s) for payment in accordance with this Section 9.01. Any Certificate that is not surrendered on the Distribution Date on which a purchase pursuant to this Section 9.01 occurs as provided above will be deemed to have been purchased and the Holder as of such date will have no rights with respect thereto except to receive the purchase price therefor minus any costs and expenses associated with such escrow account and notices allocated thereto. Any Certificates so purchased or deemed to have been purchased on such Distribution Date shall remain outstanding hereunder until the Master Servicer has terminated the respective obligations and responsibilities created hereby in respect of the Certificates pursuant to this Article IX. The Master Servicer shall be for all purposes the Holder thereof as of such date.

Section 9.02. Additional Termination Requirements.

(a) Each REMIC that comprises the Trust Fund shall be terminated in accordance with the following additional requirements, unless (subject to Section 10.01(f)) the Trustee and the Master Servicer have received an Opinion of Counsel (which Opinion of Counsel shall not be an expense of the Trustee) to the effect that the failure of each such REMIC to comply with the

requirements of this Section 9.02 will not (i) result in the imposition on the Trust Fund of taxes on "prohibited transactions," as described in Section 860F of the Code, or (ii) cause any such REMIC to fail to qualify as a REMIC at any time that any Certificate is outstanding:

(i) The Master Servicer shall establish a 90-day liquidation period for each such REMIC and specify the first day of such period in a statement attached to the Trust Fund's final Tax Return pursuant to Treasury regulations Section 1.860F-1. The Master Servicer also shall satisfy all of the requirements of a qualified liquidation for a REMIC under Section 860F of the Code and regulations thereunder;

(ii) The Master Servicer shall notify the Trustee at the commencement of such 90-day liquidation period and, at or prior to the time of making of the final payment on the Certificates, the Trustee shall sell or otherwise dispose of all of the remaining assets of the Trust Fund in accordance with the terms hereof; and

(iii) If the Master Servicer or the Company is exercising its right to purchase the assets of the Trust Fund, the Master Servicer shall, during the 90-day liquidation period and at or prior to the Final Distribution Date, purchase all of the assets of the Trust Fund for cash.

(b) Each Holder of a Certificate and the Trustee hereby irrevocably approves and appoints the Master Servicer as its attorney-in-fact to adopt a plan of complete liquidation for each REMIC at the expense of the Trust Fund in accordance with the terms and conditions of this Agreement.

Section 9.03. Termination of Multiple REMICs.

If the REMIC Administrator makes two or more separate REMIC elections, the applicable REMIC shall be terminated on the earlier of the Final Distribution Date and the date on which it is deemed to receive the last deemed distributions on the related Uncertificated REMIC Regular Interests and the last distribution due on the Certificates is made.

ARTICLE X

REMIC PROVISIONS

Section 10.01. REMIC Administration.

(a) The REMIC Administrator shall make an election to treat the Trust Fund as one or more REMICs under the Code and, if necessary, under applicable state law. The assets of each such REMIC will be set forth in the Series Supplement. Such election will be made on Form 1066 or other appropriate federal tax or information return (including Form 8811) or any appropriate state return for the taxable year ending on the last day of the calendar year in which the Certificates are issued. For the purposes of each REMIC election in respect of the Trust Fund, Certificates and interests to be designated as the "regular interests" and the sole class of "residual interests" in the REMIC will be set forth in Section 10.03 of the Series Supplement. The REMIC Administrator and the Trustee shall not permit the creation of any "interests" (within the meaning of Section 860G of the Code) in any REMIC elected in respect of the Trust Fund other than the "regular interests" and "residual interests" so designated.

(b) The Closing Date is hereby designated as the "startup day" of the Trust Fund within the meaning of Section 860G(a)(9) of the Code.

(c) The REMIC Administrator shall hold a Class R Certificate representing a 0.01% Percentage Interest each Class of the Class R Certificates and shall be designated as "the tax matters person" with respect to each REMIC in the manner provided under Treasury regulations section 1.860F-4(d) and Treasury regulations section 301.6231(a)(7)-1. The REMIC Administrator, as tax matters person, shall (i) act on behalf of each REMIC in relation to any tax matter or controversy involving the Trust Fund and (ii) represent the Trust Fund in any administrative or judicial proceeding relating to an examination or audit by any governmental taxing authority with respect thereto. The legal expenses, including without limitation attorneys' or accountants' fees, and costs of any such proceeding and any liability resulting therefrom shall be expenses of the Trust Fund and the REMIC Administrator shall be entitled to reimbursement therefor out of amounts attributable to the Mortgage Loans on deposit in the Custodial Account as provided by Section 3.10 unless such legal expenses and costs are incurred by reason of the REMIC Administrator's willful misfeasance, bad faith or gross negligence. If the REMIC Administrator is no longer the Master Servicer hereunder, at its option the REMIC Administrator may continue its duties as REMIC Administrator and shall be paid reasonable compensation not to exceed $3,000 per year by any successor Master Servicer hereunder for so acting as the REMIC Administrator.

(d) The REMIC Administrator shall prepare or cause to be prepared all of the Tax Returns that it determines are required with respect to each REMIC created hereunder and deliver such Tax Returns in a timely manner to the Trustee and the Trustee shall sign and file such Tax Returns in a timely manner. The expenses of preparing such returns shall be borne by the REMIC Administrator without any right of reimbursement therefor. The REMIC Administrator agrees to indemnify and hold harmless the Trustee with respect to any tax or liability arising from the Trustee's signing of Tax Returns that contain errors or omissions. The Trustee and Master Servicer shall promptly provide the REMIC Administrator with such

information as the REMIC Administrator may from time to time request for the purpose of enabling the REMIC Administrator to prepare Tax Returns.

(e) The REMIC Administrator shall provide (i) to any Transferor of a Class R Certificate such information as is necessary for the application of any tax relating to the transfer of a Class R Certificate to any Person who is not a Permitted Transferee, (ii) to the Trustee, and the Trustee shall forward to the Certificateholders, such information or reports as are required by the Code or the REMIC Provisions including reports relating to interest, original issue discount and market discount or premium (using the Prepayment Assumption) and (iii) to the Internal Revenue Service the name, title, address and telephone number of the person who will serve as the representative of each REMIC.

(f) The Master Servicer and the REMIC Administrator shall take such actions and shall cause each REMIC created hereunder to take such actions as are reasonably within the Master Servicer's or the REMIC Administrator's control and the scope of its duties more specifically set forth herein as shall be necessary or desirable to maintain the status of each REMIC as a REMIC under the REMIC Provisions (and the Trustee shall assist the Master Servicer and the REMIC Administrator, to the extent reasonably requested by the Master Servicer and the REMIC Administrator to do so). The Master Servicer and the REMIC Administrator shall not knowingly or intentionally take any action, cause the Trust Fund to take any action or fail to take (or fail to cause to be taken) any action reasonably within their respective control that, under the REMIC Provisions, if taken or not taken, as the case may be, could (i) endanger the status of any portion of any REMIC formed under the Series Supplement as a REMIC or (ii) result in the imposition of a tax upon any such REMIC (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC set forth in Section 860G(d) of the Code) (either such event, in the absence of an Opinion of Counsel or the indemnification referred to in this sentence, an "Adverse REMIC Event") unless the Master Servicer or the REMIC Administrator, as applicable, has received an Opinion of Counsel (at the expense of the party seeking to take such action or, if such party fails to pay such expense, and the Master Servicer or the REMIC Administrator, as applicable, determines that taking such action is in the best interest of the Trust Fund and the Certificateholders, at the expense of the Trust Fund, but in no event at the expense of the Master Servicer, the REMIC Administrator or the Trustee) to the effect that the contemplated action will not, with respect to each REMIC created hereunder, endanger such status or, unless the Master Servicer, the REMIC Administrator or both, as applicable, determine in its or their sole discretion to indemnify the Trust Fund against the imposition of such a tax, result in the imposition of such a tax. Wherever in this Agreement a contemplated action may not be taken because the timing of such action might result in the imposition of a tax on the Trust Fund, or may only be taken pursuant to an Opinion of Counsel that such action would not impose a tax on the Trust Fund, such action may nonetheless be taken provided that the indemnity given in the preceding sentence with respect to any taxes that might be imposed on the Trust Fund has been given and that all other preconditions to the taking of such action have been satisfied. The Trustee shall not take or fail to take any action (whether or not authorized hereunder) as to which the Master Servicer or the REMIC Administrator, as applicable, has advised it in writing that it has received an Opinion of Counsel to the effect that an Adverse REMIC Event could occur with respect to such action. In addition, prior to taking any action with respect to any REMIC created hereunder or any related assets thereof, or causing any such REMIC to take any action, which is

not expressly permitted under the terms of this Agreement, the Trustee will consult with the Master Servicer or the REMIC Administrator, as applicable, or its designee, in writing, with respect to whether such action could cause an Adverse REMIC Event to occur with respect to any such REMIC, and the Trustee shall not take any such action or cause any such REMIC to take any such action as to which the Master Servicer or the REMIC Administrator, as applicable, has advised it in writing that an Adverse REMIC Event could occur. The Master Servicer or the REMIC Administrator, as applicable, may consult with counsel to make such written advice, and the cost of same shall be borne by the party seeking to take the action not expressly permitted by this Agreement, but in no event at the expense of the Master Servicer or the REMIC Administrator. At all times as may be required by the Code, the Master Servicer will to the extent within its control and the scope of its duties more specifically set forth herein, maintain substantially all of the assets of each REMIC created hereunder as "qualified mortgages" as defined in Section 860G(a)(3) of the Code and "permitted investments" as defined in Section 860G(a)(5) of the Code.

(g) In the event that any tax is imposed on "prohibited transactions" of any REMIC created hereunder as defined in Section 860F(a)(2) of the Code, on "net income from foreclosure property" of any such REMIC as defined in Section 860G(c) of the Code, on any contributions to any such REMIC after the Startup Day therefor pursuant to Section 860G(d) of the Code, or any other tax is imposed by the Code or any applicable provisions of state or local tax laws, such tax shall be charged (i) to the Master Servicer, if such tax arises out of or results from a breach by the Master Servicer of any of its obligations under this Agreement or the Master Servicer has in its sole discretion determined to indemnify the Trust Fund against such tax, (ii) to the Trustee, if such tax arises out of or results from a breach by the Trustee of any of its obligations under this Article X, or (iii) otherwise against amounts on deposit in the Custodial Account as provided by Section 3.10 and on the Distribution Date(s) following such reimbursement the aggregate of such taxes shall be allocated in reduction of the Accrued Certificate Interest on each Class entitled thereto in the same manner as if such taxes constituted a Prepayment Interest Shortfall.

(h) The Trustee and the Master Servicer shall, for federal income tax purposes, maintain books and records with respect to each REMIC created hereunder on a calendar year and on an accrual basis or as otherwise may be required by the REMIC Provisions.

(i) Following the Startup Day, neither the Master Servicer nor the Trustee shall accept any contributions of assets to any REMIC created hereunder unless (subject to Section 10.01(f)) the Master Servicer and the Trustee shall have received an Opinion of Counsel (at the expense of the party seeking to make such contribution) to the effect that the inclusion of such assets in such REMIC will not cause the REMIC to fail to qualify as a REMIC at any time that any Certificates are outstanding or subject the REMIC to any tax under the REMIC Provisions or other applicable provisions of federal, state and local law or ordinances.

(j) Neither the Master Servicer nor the Trustee shall (subject to Section 10.01(f)) enter into any arrangement by which any REMIC created hereunder will receive a fee or other compensation for services nor permit any such REMIC to receive any income from assets other than "qualified mortgages" as defined in Section 860G(a)(3) of the Code or "permitted investments" as defined in Section 860G(a)(5) of the Code.

(k) Solely for the purposes of Section 1.860G-1(a)(4)(iii) of the Treasury Regulations, the "latest possible maturity date" by which the Certificate Principal Balance of each Class of Certificates (other than the Interest Only Certificates) representing a regular interest in the applicable REMIC and the Uncertificated Principal Balance of each Uncertificated REMIC Regular Interest (other than each Uncertificated REMIC Regular Interest represented by a Class A-V Certificate, if any) and the rights to the Interest Only Certificates and Uncertificated REMIC Regular Interest represented by a Class A-V Certificate would be reduced to zero is the Maturity Date for each such Certificate and Interest.

(l) Within 30 days after the Closing Date, the REMIC Administrator shall prepare and file with the Internal Revenue Service Form 8811, "Information Return for Real Estate Mortgage Investment Conduits (REMIC) and Issuers of Collateralized Debt Obligations" for each REMIC created hereunder.

(m) Neither the Trustee nor the Master Servicer shall sell, dispose of or substitute for any of the Mortgage Loans (except in connection with (i) the default, imminent default or foreclosure of a Mortgage Loan, including but not limited to, the acquisition or sale of a Mortgaged Property acquired by deed in lieu of foreclosure, (ii) the bankruptcy of any REMIC created hereunder, (iii) the termination of any such REMIC pursuant to Article IX of this Agreement or (iv) a purchase of Mortgage Loans pursuant to Article II or III of this Agreement) nor acquire any assets for any such REMIC, nor sell or dispose of any investments in the Custodial Account or the Certificate Account for gain nor accept any contributions to any such REMIC after the Closing Date unless it has received an Opinion of Counsel that such sale, disposition, substitution or acquisition will not (a) affect adversely the status of such REMIC as a REMIC or (b) unless the Master Servicer has determined in its sole discretion to indemnify the Trust Fund against such tax, cause such REMIC to be subject to a tax on "prohibited transactions" or "contributions" pursuant to the REMIC Provisions.

Section 10.02. Master Servicer, REMIC Administrator and Trustee Indemnification.

(a) The Trustee agrees to indemnify the Trust Fund, the Company, the REMIC Administrator and the Master Servicer for any taxes and costs including, without limitation, any reasonable attorneys fees imposed on or incurred by the Trust Fund, the Company or the Master Servicer, as a result of a breach of the Trustee's covenants set forth in Article VIII or this Article X.

(b) The REMIC Administrator agrees to indemnify the Trust Fund, the Company, the Master Servicer and the Trustee for any taxes and costs (including, without limitation, any reasonable attorneys' fees) imposed on or incurred by the Trust Fund, the Company, the Master Servicer or the Trustee, as a result of a breach of the REMIC Administrator's covenants set forth in this Article X with respect to compliance with the REMIC Provisions, including without limitation, any penalties arising from the Trustee's execution of Tax Returns prepared by the REMIC Administrator that contain errors or omissions; provided, however, that such liability will not be imposed to the extent such breach is a result of an error or omission in information provided to the REMIC Administrator by the Master Servicer in which case Section 10.02(c) will apply.

(c) The Master Servicer agrees to indemnify the Trust Fund, the Company, the REMIC Administrator and the Trustee for any taxes and costs (including, without limitation, any reasonable attorneys' fees) imposed on or incurred by the Trust Fund, the Company, the REMIC Administrator or the Trustee, as a result of a breach of the Master Servicer's covenants set forth in this Article X or in Article III with respect to compliance with the REMIC Provisions, including without limitation, any penalties arising from the Trustee's execution of Tax Returns prepared by the Master Servicer that contain errors or omissions.

Section 10.03. Designation of REMIC(s).

As provided in Section 10.03 of the Series Supplement.

Section 10.04. Distributions on the Uncertificated REMIC I and REMIC II Regular Interests.

As provided in Section 10.04 of the Series Supplement.

Section 10.05. Compliance with Withholding Requirements.

As provided in Section 10.05 of the Series Supplement.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01. Amendment.

(a) This Agreement or any Custodial Agreement may be amended from time to time by the Company, the Master Servicer and the Trustee, without the consent of any of the Certificateholders:

(i) to cure any ambiguity,

(ii) to correct or supplement any provisions herein or therein, which may be inconsistent with any other provisions herein or therein or to correct any error,

(iii) to modify, eliminate or add to any of its provisions to such extent as shall be necessary or desirable to maintain the qualification of the Trust Fund as a REMIC at all times that any Certificate is outstanding or to avoid or minimize the risk of the imposition of any tax on the Trust Fund pursuant to the Code that would be a claim against the Trust Fund, provided that the Trustee has received an Opinion of Counsel to the effect that (A) such action is necessary or desirable to maintain such qualification or to avoid or minimize the risk of the imposition of any such tax and (B) such action will not adversely affect in any material respect the interests of any Certificateholder,

(iv) to change the timing and/or nature of deposits into the Custodial Account or the Certificate Account or to change the name in which the Custodial Account is maintained, provided that (A) the Certificate Account Deposit Date shall in no event be later than the related Distribution Date, (B) such change shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Certificateholder and (C) such change shall not result in a reduction of the rating assigned to any Class of Certificates below the lower of the then-current rating or the rating assigned to such Certificates as of the Closing Date (in the case of the Insured Certificates (as defined in the Series Supplement), such determination shall be made without giving effect to the Certificate Policy (as defined in the Series Supplement)), as evidenced by a letter from each Rating Agency to such effect,

(v) to modify, eliminate or add to the provisions of Section 5.02(f) or any other provision hereof restricting transfer of the Class R Certificates, by virtue of their being the "residual interests" in a REMIC, provided that (A) such change shall not result in reduction of the rating assigned to any such Class of Certificates below the lower of the then-current rating or the rating assigned to such Certificates as of the Closing Date (in the case of the Insured Certificates (as defined in the Series Supplement), such determination shall be made without giving effect to the Certificate Policy (as defined in the Series Supplement)), as evidenced by a letter from each Rating Agency to such effect, and (B) such change shall not (subject to Section 10.01(f)), as evidenced by an Opinion of Counsel (at the expense of the party seeking so to modify, eliminate or add such provisions), cause any REMIC created hereunder or any of the Certificateholders (other

than the transferor) to be subject to a federal tax caused by a transfer to a Person that is not a Permitted Transferee,

(vi) to make any other provisions with respect to matters or questions arising under this Agreement or such Custodial Agreement which shall not be materially inconsistent with the provisions of this Agreement, provided that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Certificateholder or

(vii) to amend any provision herein or therein that is not material to any of the Certificateholders.

(b) This Agreement or any Custodial Agreement may also be amended from time to time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates with a Certificate Principal Balance greater than zero affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or such Custodial Agreement or of modifying in any manner the rights of the Holders of Certificates of such Class; provided, however, that no such amendment shall:

(i) reduce in any manner the amount of, or delay the timing of, payments which are required to be distributed on any Certificate without the consent of the Holder of such Certificate,

(ii) reduce the aforesaid percentage of Certificates of any Class the Holders of which are required to consent to any such amendment, in any such case without the consent of the Holders of all Certificates of such Class then outstanding.

(c) Notwithstanding any contrary provision of this Agreement, the Trustee shall not consent to any amendment to this Agreement unless it shall have first received an Opinion of Counsel (subject to Section 10.01(f) and at the expense of the party seeking such amendment) to the effect that such amendment or the exercise of any power granted to the Master Servicer, the Company or the Trustee in accordance with such amendment is permitted hereunder and will not result in the imposition of a federal tax on the Trust Fund or cause any REMIC created under the Series Supplement to fail to qualify as a REMIC at any time that any Certificate is outstanding.

(d) Promptly after the execution of any such amendment the Trustee shall furnish written notification of the substance of such amendment to the Custodian and each Certificateholder. It shall not be necessary for the consent of Certificateholders under this Section 11.01 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe.

(e) The Company shall have the option, in its sole discretion, to obtain and deliver to the Trustee any corporate guaranty, payment obligation, irrevocable letter of credit, surety bond, insurance policy or similar instrument or a reserve fund, or any combination of the foregoing, for

the purpose of protecting the Holders of the Class B Certificates against any or all Realized Losses or other shortfalls. Any such instrument or fund shall be held by the Trustee for the benefit of the Class B Certificateholders, but shall not be and shall not be deemed to be under any circumstances included in the Trust Fund. To the extent that any such instrument or fund constitutes a reserve fund for federal income tax purposes, (i) any reserve fund so established shall be an outside reserve fund and not an asset of the Trust Fund, (ii) any such reserve fund shall be owned by the Company, and (iii) amounts transferred by the Trust Fund to any such reserve fund shall be treated as amounts distributed by the Trust Fund to the Company or any successor, all within the meaning of Treasury Regulations Section 1.860G-2(h) as it reads as of the Cut-off Date. In connection with the provision of any such instrument or fund, this Agreement and any provision hereof may be modified, added to, deleted or otherwise amended in any manner that is related or incidental to such instrument or fund or the establishment or administration thereof, such amendment to be made by written instrument executed or consented to by the Company but without the consent of any Certificateholder and without the consent of the Master Servicer or the Trustee being required unless any such amendment would impose any additional obligation on, or otherwise adversely affect the interests of the Senior Certificateholders, the Class M Certificateholders, the Master Servicer or the Trustee, as applicable; provided that the Company obtains (subject to Section 10.01(f)) an Opinion of Counsel (which need not be an opinion of Independent counsel) to the effect that any such amendment will not cause (a) any federal tax to be imposed on the Trust Fund, including without limitation, any federal tax imposed on "prohibited transactions" under Section 860F(a)(1) of the Code or on "contributions after the startup date" under Section 860G(d)(1) of the Code and (b) any REMIC created hereunder to fail to qualify as a REMIC at any time that any Certificate is outstanding. In the event that the Company elects to provide such coverage in the form of a limited guaranty provided by General Motors Acceptance Corporation, the Company may elect that the text of such amendment to this Agreement shall be substantially in the form attached hereto as Exhibit K (in which case Residential Funding's Subordinate Certificate Loss Obligation as described in such exhibit shall be established by Residential Funding's consent to such amendment) and that the limited guaranty shall be executed in the form attached hereto as Exhibit L, with such changes as the Company shall deem to be appropriate; it being understood that the Trustee has reviewed and approved the content of such forms and that the Trustee's consent or approval to the use thereof is not required.

Section 11.02. Recordation of Agreement; Counterparts.

(a) To the extent permitted by applicable law, this Agreement is subject to recordation in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgages are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Master Servicer and at its expense on direction by the Trustee (pursuant to the request of Holders of Certificates entitled to at least 25% of the Voting Rights), but only upon direction accompanied by an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Certificateholders.

(b) For the purpose of facilitating the recordation of this Agreement as herein provided and for other purposes, this Agreement may be executed simultaneously in any number

of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 11.03. Limitation on Rights of Certificateholders.

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

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

(c) No Certificateholder shall have any right by virtue of any provision of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Holder previously shall have given to the Trustee a written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of Certificates of any Class evidencing in the aggregate not less than 25% of the related Percentage Interests of such Class, shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 60 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding it being understood and intended, and being expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more Holders of Certificates of any Class shall have any right in any manner whatever by virtue of any provision of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of such Certificates of such Class or any other Class, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Agreement, except in the manner herein provided and for the common benefit of Certificateholders of such Class or all Classes, as the case may be. For the protection and enforcement of the provisions of this Section 11.03, each and every Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 11.04. Governing Law.

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

Section 11.05. Notices.

As provided in Section 11.05 of the Series Supplement.

Section 11.06. Required Notices to Rating Agency and Subservicer.

The Company, the Master Servicer or the Trustee, as applicable, (i) shall notify each Rating Agency at such time as it is otherwise required pursuant to this Agreement to give notice of the occurrence of, any of the events described in clause (a), (b), (c), (d), (g), (h), (i) or (j) below, (ii) shall notify the Subservicer at such time as it is otherwise required pursuant to this Agreement to give notice of the occurrence of, any of the events described in clause (a), (b), (c)(1), (g)(1), or (i) below, or (iii) provide a copy to each Rating Agency at such time as otherwise required to be delivered pursuant to this Agreement of any of the statements described in clauses (e) and (f) below:

(a) a material change or amendment to this Agreement,

(b) the occurrence of an Event of Default,

(c) (1) the termination or appointment of a successor Master Servicer or (2) the termination or appointment of a successor Trustee or a change in the majority ownership of the Trustee,

(d) the filing of any claim under the Master Servicer's blanket fidelity bond and the errors and omissions insurance policy required by Section 3.12 or the cancellation or modification of coverage under any such instrument,

(e) the statement required to be delivered to the Holders of each Class of Certificates pursuant to Section 4.03,

(f) the statements required to be delivered pursuant to Sections 3.18 and 3.19,

(g) (1) a change in the location of the Custodial Account or (2) a change in the location of the Certificate Account,

(h) the occurrence of any monthly cash flow shortfall to the Holders of any Class of Certificates resulting from the failure by the Master Servicer to make an Advance pursuant to Section 4.04,

(i) the occurrence of the Final Distribution Date, and

(j) the repurchase of or substitution for any Mortgage Loan,

provided, however, that with respect to notice of the occurrence of the events described in clauses (d), (g) or (h) above, the Master Servicer shall provide prompt written notice to each Rating Agency and the Subservicer, if applicable, of any such event known to the Master Servicer.

Section 11.07. Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Certificates or the rights of the Holders thereof.

Section 11.08. Supplemental Provisions for Resecuritization.

This Agreement may be supplemented by means of the addition of a separate Article hereto (a "Supplemental Article") for the purpose of resecuritizing any of the Certificates issued hereunder, under the following circumstances. With respect to any Class or Classes of Certificates issued hereunder, or any portion of any such Class, as to which the Company or any of its Affiliates (or any designee thereof) is the registered Holder (the "Resecuritized Certificates"), the Company may deposit such Resecuritized Certificates into a new REMIC, grantor trust or custodial arrangement (a "Restructuring Vehicle") to be held by the Trustee pursuant to a Supplemental Article. The instrument adopting such Supplemental Article shall be executed by the Company, the Master Servicer and the Trustee; provided, that neither the Master Servicer nor the Trustee shall withhold their consent thereto if their respective interests would not be materially adversely affected thereby. To the extent that the terms of the Supplemental Article do not in any way affect any provisions of this Agreement as to any of the Certificates initially issued hereunder, the adoption of the Supplemental Article shall not constitute an "amendment" of this Agreement.

Each Supplemental Article shall set forth all necessary provisions relating to the holding of the Resecuritized Certificates by the Trustee, the establishment of the Restructuring Vehicle, the issuing of various classes of new certificates by the Restructuring Vehicle and the distributions to be made thereon, and any other provisions necessary for the purposes thereof. In connection with each Supplemental Article, the Company shall deliver to the Trustee an Opinion of Counsel to the effect that (i) the Restructuring Vehicle will qualify as a REMIC, grantor trust or other entity not subject to taxation for federal income tax purposes and (ii) the adoption of the Supplemental Article will not endanger the status of the Trust Fund as a REMIC or (subject to Section 10.01(f)) result in the imposition of a tax upon the Trust Fund (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC as set forth in Section 860G(d) of the Code).

Section 11.09. Allocation of Voting Rights.

As provided in Section 11.09 of the Series Supplement.

Section 11.10. No Petition.

As provided in Section 11.10 of the Series Supplement.

ARTICLE XII

COMPLIANCE WITH REGULATION AB

Section 12.01. Intent of the Parties; Reasonableness.

The Company, the Trustee and the Master Servicer acknowledge and agree that the purpose of this Article XII is to facilitate compliance by the Company with the provisions of Regulation AB and related rules and regulations of the Commission. The Company shall not exercise its right to request delivery of information or other performance under these provisions other than in good faith, or for purposes other than compliance with the Securities Act, the Exchange Act and the rules and regulations of the Commission under the Securities Act and the Exchange Act. Each of the Master Servicer and the Trustee acknowledges that interpretations of the requirements of Regulation AB may change over time, whether due to interpretive guidance provided by the Commission or its staff, consensus among participants in the mortgage-backed securities markets, advice of counsel, or otherwise, and agrees to comply with reasonable requests made by the Company in good faith for delivery of information under these provisions on the basis of evolving interpretations of Regulation AB. Each of the Master Servicer and the Trustee shall cooperate reasonably with the Company to deliver to the Company (including any of its assignees or designees), any and all disclosure, statements, reports, certifications, records and any other information necessary in the reasonable, good faith determination of the Company to permit the Company to comply with the provisions of Regulation AB.

Section 12.02. Additional Representations and Warranties of the Trustee.

(a) The Trustee shall be deemed to represent and warrant to the Company as of the date hereof and on each date on which information is provided to the Company under Sections 12.01, 12.02(b) or 12.03 that, except as disclosed in writing to the Company prior to such date: (i) it is not aware and has not received notice that any default, early amortization or other performance triggering event has occurred as to any other Securitization Transaction due to any default of the Trustee; (ii) there are no aspects of its financial condition that could have a material adverse effect on the performance by it of its trustee obligations under this Agreement or any other Securitization Transaction as to which it is the trustee; (iii) there are no material legal or governmental proceedings pending (or known to be contemplated) against it that would be material to Certificateholders; (iv) there are no relationships or transactions (as described in Item 1119(b) of Regulation AB) relating to the Trustee with respect to the Company or any sponsor, issuing entity, servicer, trustee, originator, significant obligor, enhancement or support provider or other material transaction party (as each of such terms are used in Regulation AB) relating to the Securitization Transaction contemplated by the Agreement, as identified by the Company to the Trustee in writing as of the Closing Date (each, a "Transaction Party") that are outside the ordinary course of business or on terms other than would be obtained in an arm's length transaction with an unrelated third party, apart from the Securitization Transaction, and that are material to the investors' understanding of the Certificates; and (v) the Trustee is not an affiliate (as contemplated by Item 1119(a) of Regulation AB) of any Transaction Party. The Company shall notify the Trustee of any change in the identity of a Transaction Party after the Closing Date.

(b) If so requested by the Company on any date following the Closing Date, the Trustee shall, within five Business Days following such request, confirm in writing the accuracy of the representations and warranties set forth in paragraph (a) of this Section or, if any such representation and warranty is not accurate as of the date of such confirmation, provide the pertinent facts, in writing, to the Company. Any such request from the Company shall not be given more than once each calendar quarter, unless the Company shall have a reasonable basis for questioning the accuracy of any of the representations and warranties.

Section 12.03. Information to Be Provided by the Trustee.

For so long as the Certificates are outstanding, for the purpose of satisfying the Company's reporting obligation under the Exchange Act with respect to any class of Certificates, the Trustee shall provide to the Company a written description of (a) any litigation or governmental proceedings pending against the Trustee as of the last day of each calendar month that would be material to Certificateholders, and (b) any affiliations or relationships (as described in Item 1119 of Regulation AB) that develop following the Closing Date between the Trustee and any Transaction Party of the type described in Section 12.02(a)(iv) or 12.02(a)(v) as of the last day of each calendar year. Any descriptions required with respect to legal proceedings, as well as updates to previously provided descriptions, under this Section 12.03 shall be given no later than five Business Days prior to the Determination Date following the month in which the relevant event occurs, and any notices and descriptions required with respect to affiliations, as well as updates to previously provided descriptions, under this Section 12.03 shall be given no later than January 31 of the calendar year following the year in which the relevant event occurs. As of the related Distribution Date with respect to each Report on Form 10-D with respect to the Certificates filed by or on behalf of the Company, and as of March 15 preceding the date each Report on Form 10-K with respect to the Certificates is filed, the Trustee shall be deemed to represent and warrant that any information previously provided by the Trustee under this Article XII is materially correct and does not have any material omissions unless the Trustee has provided an update to such information. The Company will allow the Trustee to review any disclosure relating to material litigation against the Trustee prior to filing such disclosure with the Commission to the extent the Company changes the information provided by the Trustee.

Section 12.04. Report on Assessment of Compliance and Attestation.

On or before March 15 of each calendar year, the Trustee shall:

(a) deliver to the Company a report (in form and substance reasonably satisfactory to the Company) regarding the Trustee's assessment of compliance with the applicable Servicing Criteria during the immediately preceding calendar year, as required under Rules 13a-18 and 15d-18 of the Exchange Act and Item 1122 of Regulation AB. Such report shall be signed by an authorized officer of the Trustee, and shall address each of the Servicing Criteria specified on Exhibit R hereto; and

(b) deliver to the Company a report of a registered public accounting firm satisfying the requirements of Rule 2-01 of Regulation S-X under the Securities Act and the Exchange Act that attests to, and reports on, the assessment of compliance made by the Trustee and delivered

pursuant to the preceding paragraph. Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act.

Section 12.05. Indemnification; Remedies.

(a) The Trustee shall indemnify the Company, each affiliate of the Company, the Master Servicer and each affiliate of the Master Servicer, and the respective present and former directors, officers, employees and agents of each of the foregoing, and shall hold each of them harmless from and against any losses, damages, penalties, fines, forfeitures, legal fees and expenses and related costs, judgments, and any other costs, fees and expenses that any of them may sustain arising out of or based upon:

(i)(A) any untrue statement of a material fact contained or alleged to be contained in any information, report, certification, accountants' attestation or other material provided under this Article XII by or on behalf of the Trustee (collectively, the "Trustee Information"), or (B) the omission or alleged omission to state in the Trustee Information a material fact required to be stated in the Trustee Information or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(ii) any failure by the Trustee to deliver any information, report, certification or other material when and as required under this Article XII, other than a failure by the Trustee to deliver an accountants' attestation.

(b) In the case of any failure of performance described in clause (ii) of Section 12.05(a), as well as a failure to deliver an accountants' attestation, the Trustee shall (i) promptly reimburse the Company for all costs reasonably incurred by the Company in order to obtain the information, report, certification, accountants' attestation or other material not delivered by the Trustee as required and (ii) cooperate with the Company to mitigate any damages that may result from such failure.

(c) The Company and the Master Servicer shall indemnify the Trustee, each affiliate of the Trustee and the respective present and former directors, officers, employees and agents of the Trustee, and shall hold each of them harmless from and against any losses, damages, penalties, fines, forfeitures, legal fees and expenses and related costs, judgments, and any other costs, fees and expenses that any of them may sustain arising out of or based upon (i) any untrue statement of a material fact contained or alleged to be contained in any information provided under this Agreement by or on behalf of the Company or Master Servicer for inclusion in any report filed with Commission under the Exchange Act (collectively, the "RFC Information"), or (ii) the omission or alleged omission to state in the RFC Information a material fact required to be stated in the RFC Information or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Notwithstanding any provision in this Section 12.05 to the contrary, the parties agree that none of the Trustee, the Company or the Master Servicer shall be liable to the other for any consequential or punitive damages whatsoever, whether in contract, tort (including

negligence and strict liability), or any other legal or equitable principle; provided, however, that such limitation shall not be applicable with respect to third party claims made against a party.

EXHIBIT A

FORM OF CLASS A CERTIFICATE, [PRINCIPAL ONLY/CLASS A-P] CERTIFICATE AND [INTEREST ONLY/CLASS A-V] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[THE FOLLOWING INFORMATION IS PROVIDED SOLELY FOR THE PURPOSES OF APPLYING THE U.S. FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES TO THIS CERTIFICATE. THE ISSUE DATE OF THIS CERTIFICATE IS _____ __, ____. ASSUMING THAT THE MORTGAGE LOANS PREPAY AT [___]% OF THE PREPAYMENT SPEED ASSUMPTION (AS DESCRIBED IN THE PROSPECTUS SUPPLEMENT), [AND ASSUMING A CONSTANT PASS-THROUGH RATE EQUAL TO THE INITIAL PASS-THROUGH RATE,] THIS CERTIFICATE HAS BEEN ISSUED WITH NO MORE THAN $[_____] OF OID PER [$1,000] [$100,000] OF [INITIAL CERTIFICATE PRINCIPAL BALANCE] [NOTIONAL AMOUNT], THE YIELD TO MATURITY IS [___]% AND THE AMOUNT OF OID ATTRIBUTABLE TO THE INITIAL ACCRUAL PERIOD IS NO MORE THAN $[_____] PER [$1,000] [$100,000] OF [INITIAL CERTIFICATE PRINCIPAL BALANCE] [NOTIONAL AMOUNT], COMPUTED USING THE APPROXIMATE METHOD. NO REPRESENTATION IS MADE THAT THE MORTGAGE LOANS WILL PREPAY AT A RATE BASED ON THE PREPAYMENT SPEED ASSUMPTION OR AT ANY OTHER RATE OR AS TO THE CONSTANCY OF THE PASS-THROUGH RATE.]

Certificate No. ____

Class A-__ Senior
Date of Pooling and Servicing Agreement and Cut-off Date:
_____ 1, ____

First Distribution Date:
_____ 25, ____

Master Servicer:
Residential Funding Corporation

Assumed Final Distribution Date:
_____ 25, ____

[____%][Variable] Pass-Through Rate [based on a Notional Amount]

[Percentage Interest: ___%]

Aggregate Initial [Certificate Principal Balance] [[Interest Only/Class A-V] Notional Amount] [Subclass Notional Amount] of the Class A-__ Certificates:

[Initial] [Certificate Principal Balance] [Interest Only/Class A-V] [Subclass] Notional Amount] of this Certificate:
$_____]

CUSIP 76110F-_____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE
SERIES ____-___

evidencing a percentage interest in the distributions allocable to the Class A-__ Certificates with respect to a Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate [(obtained by dividing the [Initial Certificate Principal Balance] [Initial [Interest Only/Class A-V] Notional Amount] of this Certificate by the aggregate [Initial Certificate Principal Balance of all Class A-___ Certificates] [Initial [Interest Only/Class A-V] Notional Amounts of all [Interest Only/Class A-V] Certificates], both as specified above)] in certain distributions with respect to the Trust Fund consisting primarily of an interest in a pool of [conventional one- to four-family fixed interest rate first mortgage loans] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as

specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing as described in the Agreement, to the Person in whose name this Certificate is registered at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month immediately preceding the month of such distribution (the "Record Date"), from the Available Distribution Amount in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount [(of interest and principal, if any)] required to be distributed to Holders of Class A-__ Certificates on such Distribution Date. [The [Interest Only/Class A-V] Notional Amount of the [Interest Only/Class A-V] Certificates as of any date of determination is equal to the aggregate Stated Principal Balance of the Mortgage Loans corresponding to the Uncertificated REMIC Regular Interests represented by such [Interest Only/Class A-V] Certificates.] [The Subclass Notional Amount of the [Interest Only/Class A-V]-_ Certificates as of any date of determination is equal to the aggregate Stated Principal Balance of the Mortgage Loans corresponding to the Uncertificated REMIC Regular Interests represented by such [Interest Only/Class A-V]-_ Certificates immediately prior to such date.] [The [Interest Only/Class A-V][-_] Certificates have no Certificate Principal Balance.]

Distributions on this Certificate will be made either by the Master Servicer acting on behalf of the Trustee or by a Paying Agent appointed by the Trustee in immediately available funds (by wire transfer or otherwise) for the account of the Person entitled thereto if such Person shall have so notified the Master Servicer or such Paying Agent, or by check mailed to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York. The [Initial Certificate Principal Balance] [Initial [Interest Only/Class A-V] Notional Amount] [initial Subclass Notional Amount] of this Certificate is set forth above.] [The Certificate Principal Balance hereof will be reduced to the extent of distributions allocable to principal and any Realized Losses allocable hereto.]

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage

Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and

neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class A-__ Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ (Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:_____

_____

Dated: _____ Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____ account number _____, or, if mailed by check, to _____ Applicable statements should be mailed to _____.

This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT A-1

FORM OF CLASS X CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Certificate No. ____
Class X Senior

Variable Pass-Through Rate

Date of Pooling and Servicing Agreement and Cut-off Date: _____ 1, ____

Percentage Interest: 100%

Master Servicer:
Residential Funding Corporation

Aggregate Initial Notional Amount of the Class X Certificates: $_____

First Distribution Date:
_____ 25, ____

Initial Notional Amount of this Certificate: $_____

Assumed Final Distribution Date:
_____

CUSIP _____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE
SERIES ____-____

Evidencing a percentage interest in the distributions allocable to the Class X Certificates with respect to a Trust Fund consisting primarily of a pool of [one- to four-family residential, payment-option, adjustable-rate first lien mortgage loans with a negative amortization feature] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the Initial Notional Amount of this Certificate by the Aggregate Notional Amount of all Class X Certificates, both as specified above) in certain distributions with respect to the Trust Fund consisting primarily of an interest in a pool of [one- to four-family residential, payment-option, adjustable-rate first lien mortgage loans with a negative amortization feature] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not

defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing as described in the Agreement, to the Person in whose name this Certificate is registered at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month immediately preceding the month of such distribution (the "Record Date"), from the Available Distribution Amount in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to Holders of Class X Certificates on such Distribution Date. The Class X Certificates have no Certificate Principal Balance.

Distributions on this Certificate will be made either by the Master Servicer acting on behalf of the Trustee or by a Paying Agent appointed by the Trustee in immediately available funds (by wire transfer or otherwise) for the account of the Person entitled thereto if such Person shall have so notified the Master Servicer or such Paying Agent, or by check mailed to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York. The Initial Notional Amount of this Certificate is set forth above.

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master

Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all

remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class X Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

(Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

_____

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

Dated:

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to for the account of _____account number _____, or, if mailed by check, to

_____

Applicable statements should be mailed to

_____

This information is provided by _____, the assignee named above, or _____ as its agent.

EXHIBIT B

FORM OF CLASS M CERTIFICATE

THIS CERTIFICATE IS SUBORDINATED IN RIGHT OF PAYMENT TO THE SENIOR CERTIFICATES [CLASS M-1 CERTIFICATES] [AND CLASS M-2 CERTIFICATES] AS DESCRIBED IN THE AGREEMENT (AS DEFINED BELOW).

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986 (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE FOLLOWING INFORMATION IS PROVIDED SOLELY FOR THE PURPOSES OF APPLYING THE U.S. FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES TO THIS CERTIFICATE. THE ISSUE DATE OF THIS CERTIFICATE IS _____ __, ____. ASSUMING THAT THE MORTGAGE LOANS PREPAY AT [___]% OF THE PREPAYMENT SPEED ASSUMPTION (AS DESCRIBED IN THE PROSPECTUS SUPPLEMENT), THIS CERTIFICATE HAS BEEN ISSUED WITH NO MORE THAN $[____] OF OID PER $[1,000] OF INITIAL CERTIFICATE PRINCIPAL BALANCE, THE YIELD TO MATURITY IS [_____]% AND THE AMOUNT OF OID ATTRIBUTABLE TO THE INITIAL ACCRUAL PERIOD IS NO MORE THAN $[____] PER $[1,000] OF INITIAL CERTIFICATE PRINCIPAL BALANCE, COMPUTED UNDER THE APPROXIMATE METHOD. NO REPRESENTATION IS MADE THAT THE MORTGAGE LOANS WILL PREPAY AT A RATE BASED ON THE PREPAYMENT SPEED ASSUMPTION OR AT ANY OTHER RATE.

ANY TRANSFEREE OF THIS CERTIFICATE WILL BE DEEMED TO HAVE REPRESENTED BY VIRTUE OF ITS PURCHASE OR HOLDING OF THIS CERTIFICATE (OR INTEREST HEREIN) THAT EITHER (A) SUCH TRANSFEREE IS NOT AN INVESTMENT MANAGER, A NAMED FIDUCIARY OR A TRUSTEE OF ANY PLAN, OR ANY OTHER PERSON, ACTING, DIRECTLY OR INDIRECTLY, ON BEHALF OF OR PURCHASING ANY CERTIFICATE WITH "PLAN ASSETS" OF ANY PLAN (A "PLAN INVESTOR"), (B) IT HAS ACQUIRED AND IS HOLDING

SUCH CERTIFICATE IN RELIANCE ON PROHIBITED TRANSACTION EXEMPTION ("PTE") 94-29, AS MOST RECENTLY AMENDED, PTE 2002-41, 67 FED. REG. 54487 (AUGUST 22, 2002) (THE "RFC EXEMPTION"), AND THAT IT UNDERSTANDS THAT THERE ARE CERTAIN CONDITIONS TO THE AVAILABILITY OF THE RFC EXEMPTION INCLUDING THAT SUCH CERTIFICATE MUST BE RATED, AT THE TIME OF PURCHASE, NOT LOWER THAN "BBB-" (OR ITS EQUIVALENT) BY STANDARD & POOR'S, FITCH OR MOODY'S OR (C) (I) THE TRANSFEREE IS AN INSURANCE COMPANY, (II) THE SOURCE OF FUNDS TO BE USED BY IT TO PURCHASE THE CERTIFICATE IS AN "INSURANCE COMPANY GENERAL ACCOUNT" (WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 95-60), AND (III) THE CONDITIONS SET FORTH IN SECTIONS I AND III OF PTCE 95-60 HAVE BEEN SATISFIED (EACH ENTITY THAT SATISFIES THIS CLAUSE (C), A "COMPLYING INSURANCE COMPANY).

IF THIS CERTIFICATE (OR ANY INTEREST HEREIN) IS ACQUIRED OR HELD BY ANY PERSON THAT DOES NOT SATISFY THE CONDITIONS DESCRIBED IN THE PRECEDING PARAGRAPH, THEN THE LAST PRECEDING TRANSFEREE THAT EITHER (I) IS NOT A PLAN INVESTOR, (II) ACQUIRED SUCH CERTIFICATE IN COMPLIANCE WITH THE RFC EXEMPTION, OR (III) IS A COMPLYING INSURANCE COMPANY SHALL BE RESTORED, TO THE EXTENT PERMITTED BY LAW, TO ALL RIGHTS AND OBLIGATIONS AS CERTIFICATE OWNER THEREOF RETROACTIVE TO THE DATE OF SUCH TRANSFER OF THIS CERTIFICATE. THE TRUSTEE SHALL BE UNDER NO LIABILITY TO ANY PERSON FOR MAKING ANY PAYMENTS DUE ON THIS CERTIFICATE TO SUCH PRECEDING TRANSFEREE.

ANY PURPORTED CERTIFICATE OWNER WHOSE ACQUISITION OR HOLDING OF THIS CERTIFICATE (OR INTEREST HEREIN) WAS EFFECTED IN VIOLATION OF THE RESTRICTIONS IN SECTION 5.02(e) OF THE POOLING AND SERVICING AGREEMENT SHALL INDEMNIFY AND HOLD HARMLESS THE COMPANY, THE TRUSTEE, THE MASTER SERVICER, ANY SUBSERVICER, AND THE TRUST FUND FROM AND AGAINST ANY AND ALL LIABILITIES, CLAIMS, COSTS OR EXPENSES INCURRED BY SUCH PARTIES AS A RESULT OF SUCH ACQUISITION OR HOLDING.

Certificate No. ___

[___]% Pass-Through Rate

Class M-__ Subordinate

Aggregate Certificate Principal Balance of the Class M Certificates:
$_____

Date of Pooling and Servicing Agreement and Cut-off Date:
_____ 1, ____

Initial Certificate Principal Balance of this Certificate:
$_____

First Distribution Date:
_____ 25, ____

Master Servicer:
Residential Funding Corporation

CUSIP: 76110F-_____

Assumed Final Distribution Date:
_____ 25, ____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE,
SERIES ____-___

evidencing a percentage interest in any distributions allocable to the Class M-__ Certificates with respect to the Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the Certificate Principal Balance of this Certificate by the aggregate Certificate Principal Balance of all Class M-__ Certificates, both as specified above) in certain distributions with respect to a Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, the

capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing as described in the Agreement, to the Person in whose name this Certificate is registered at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month immediately preceding the month of such distribution (the "Record Date"), from the Available Distribution Amount in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount (of interest and principal, if any) required to be distributed to Holders of Class M-__ Certificates on such Distribution Date.

Distributions on this Certificate will be made either by the Master Servicer acting on behalf of the Trustee or by a Paying Agent appointed by the Trustee in immediately available funds (by wire transfer or otherwise) for the account of the Person entitled thereto if such Person shall have so notified the Master Servicer or such Paying Agent, or by check mailed to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York. The Initial Certificate Principal Balance of this Certificate is set forth above. The Certificate Principal Balance hereof will be reduced to the extent of the distributions allocable to principal and any Realized Losses allocable hereto.

Any transferee of this Certificate will be deemed to have represented by virtue of its purchase or holding of this Certificate (or interest herein) that either (a) such transferee is not an investment manager, a named fiduciary or a trustee of any plan, or any other person, acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any plan (a "plan investor"), (b) it has acquired and is holding such Certificate in reliance on prohibited transaction exemption ("PTE") 94-29, as most recently amended, PTE 2002-41, 67 fed. Reg. 54487 (August 22, 2002) (the "RFC Exemption"), and that it understands that there are certain conditions to the availability of the RFC Exemption including that such Certificate must be rated, at the time of purchase, not lower than "BBB-" (or its equivalent) by Standard & Poor's, Fitch or Moody's or (c) (i) the transferee is an insurance company, (ii) the source of funds to be used by it to purchase the Certificate is an "insurance company general account" (within the meaning of U.S. Department of Labor prohibited transaction class exemption ("PTCE") 95-60), and (iii) the conditions set forth in Sections I and III of PTCE 95-60 have been satisfied (each entity that satisfies this clause (c), a "complying insurance company).

If this Certificate (or any interest herein) is acquired or held by any person that does not satisfy the conditions described in the preceding paragraph, then the last preceding transferee that either (i) is not a plan investor, (ii) acquired such Certificate in compliance with

the RFC Exemption, or (iii) is a complying insurance company shall be restored, to the extent permitted by law, to all rights and obligations as Certificate owner thereof retroactive to the date of such transfer of this Certificate. The Trustee shall be under no liability to any person for making any payments due on this Certificate to such preceding transferee.

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and

subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class M-__ Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ (Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____ account number _____, or, if mailed by check, to _____ Applicable statements should be mailed to _____.

This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT C

FORM OF CLASS B CERTIFICATE

THIS CERTIFICATE IS SUBORDINATED IN RIGHT OF PAYMENT TO THE SENIOR CERTIFICATES AND CLASS M CERTIFICATES [AND CLASS B-1] [CLASS B-2 CERTIFICATES] DESCRIBED IN THE AGREEMENT (AS DEFINED HEREIN).

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE RESOLD OR TRANSFERRED UNLESS IT IS REGISTERED PURSUANT TO SUCH ACT AND LAWS OR IS SOLD OR TRANSFERRED IN TRANSACTIONS WHICH ARE EXEMPT FROM REGISTRATION UNDER SUCH ACT AND UNDER APPLICABLE STATE LAW AND IS TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.02 OF THE AGREEMENT.

NO TRANSFER OF THIS CERTIFICATE MAY BE MADE TO ANY PERSON, UNLESS THE TRANSFEREE PROVIDES EITHER A CERTIFICATION PURSUANT TO SECTION 5.02(e) OF THE AGREEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE MASTER SERVICER, THE COMPANY AND THE TRUSTEE THAT THE PURCHASE OF THIS CERTIFICATE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE MASTER SERVICER, THE COMPANY OR THE TRUSTEE TO ANY OBLIGATION OR LIABILITY IN ADDITION TO THOSE UNDERTAKEN IN THE AGREEMENT.

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE CODE. THE FOLLOWING INFORMATION IS PROVIDED SOLELY FOR THE PURPOSES OF APPLYING THE U.S. FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES TO THIS CERTIFICATE. THE ISSUE DATE OF THIS CERTIFICATE IS _____ __, ____. ASSUMING THAT THE MORTGAGE LOANS PREPAY AT 100% OF THE PREPAYMENT SPEED ASSUMPTION (AS DESCRIBED IN THE PROSPECTUS SUPPLEMENT), THIS CERTIFICATE HAS BEEN ISSUED WITH NO MORE THAN $[___]_OF OID PER $[1,000] OF INITIAL CERTIFICATE PRINCIPAL BALANCE, THE YIELD TO MATURITY IS [____]% AND THE AMOUNT OF OID ATTRIBUTABLE TO THE INITIAL ACCRUAL PERIOD IS NO MORE THAN $[____] PER $[1,000] OF INITIAL CERTIFICATE PRINCIPAL BALANCE, COMPUTED UNDER THE APPROXIMATE METHOD. NO REPRESENTATION IS MADE THAT THE MORTGAGE LOANS WILL PREPAY AT A RATE BASED ON THE PREPAYMENT SPEED ASSUMPTION OR AT ANY OTHER RATE.

Certificate No. __

[___]% Pass-Through Rate

Class B-__ Subordinate

Date of Pooling and Servicing Agreement and Cut-off Date:
_____ 1, ____

First Distribution Date:
_____ 25, ____

Master Servicer:
Residential Funding Corporation

Assumed Final Distribution Date:
_____ 25, ____

Aggregate Certificate Principal Balance of the Class B-__ Certificates as of the Cut-off Date:
$_____

Initial Certificate Principal Balance of this Certificate:
$_____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE,
SERIES ____-___

evidencing a percentage interest in any distributions allocable to the Class B-__ Certificates with respect to the Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that Residential Accredit Loans, Inc. is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the Certificate Principal Balance of this Certificate by the aggregate Certificate Principal Balance of all Class B-__ Certificates, both as specified above) in certain distributions with respect to a Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, the

capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing on the first Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month next preceding the month of such distribution (the "Record Date"), from the Available Distribution Amount in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount (of interest and principal, if any) required to be distributed to Holders of Class B Certificates on such Distribution Date.

Distributions on this Certificate will be made either by the Master Servicer acting on behalf of the Trustee or by a Paying Agent appointed by the Trustee in immediately available funds (by wire transfer or otherwise) for the account of the Person entitled thereto if such Person shall have so notified the Master Servicer or such Paying Agent, or by check mailed to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York. The Initial Certificate Principal Balance of this Certificate is set forth above. The Certificate Principal Balance hereof will be reduced to the extent of the distributions allocable to principal and any Realized Losses allocable hereto.

No transfer of this Class B Certificate will be made unless such transfer is exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities laws or is made in accordance with said Act and laws. In the event that such a transfer is to be made, (i) the Trustee or the Company may require an opinion of counsel acceptable to and in form and substance satisfactory to the Trustee and the Company that such transfer is exempt (describing the applicable exemption and the basis therefor) from or is being made pursuant to the registration requirements of the Securities Act of 1933, as amended, and of any applicable statute of any state and (ii) the transferee shall execute an investment letter in the form described by the Agreement. The Holder hereof desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee, the Company, the Master Servicer and the Certificate Registrar acting on behalf of the Trustee against any liability that may result if the transfer is not so exempt or is not made in accordance with such Federal and state laws. In connection with any such transfer, the Trustee will also require either (i) an opinion of counsel acceptable to and in form and substance satisfactory to the Trustee, the Company and the Master Servicer with respect to the permissibility of such transfer under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code (the "Code") and stating, among other things, that the transferee's acquisition of a Class B Certificate will not constitute or result in a non-exempt prohibited transaction under Section 406

of ERISA or Section 4975 of the Code or (ii) a representation letter, in the form as described by Section 5.02(e) of the Agreement, either stating that the transferee is not an employee benefit or other plan subject to the prohibited transaction provisions of ERISA or Section 4975 of the Code (a "Plan"), or any other person (including an investment manager, a named fiduciary or a trustee of any Plan) acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any Plan, or stating that the transferee is an insurance company, the source of funds to be used by it to purchase the Certificate is an "insurance company general account" (within the meaning of Department of Labor Prohibited Transaction Class Exemption ("PTCE") 95-60), and the purchase is being made in reliance upon the availability of the exemptive relief afforded under Sections I and III of PTCE 95-60..

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly

authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class M-__ Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ (Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____ account number _____, or, if mailed by check, to _____ Applicable statements should be mailed to _____.

This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT C-I

FORM OF CLASS P CERTIFICATE

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE RESOLD OR TRANSFERRED UNLESS IT IS REGISTERED PURSUANT TO SUCH ACT AND LAWS OR IS SOLD OR TRANSFERRED IN TRANSACTIONS WHICH ARE EXEMPT FROM REGISTRATION UNDER SUCH ACT AND UNDER APPLICABLE STATE LAW AND IS TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.02 OF THE AGREEMENT).

NO TRANSFER OF THIS CERTIFICATE MAY BE MADE TO ANY PERSON, UNLESS THE TRANSFEREE PROVIDES EITHER A CERTIFICATION PURSUANT TO SECTION 5.02(e) OF THE AGREEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE MASTER SERVICER, THE COMPANY AND THE TRUSTEE THAT THE PURCHASE OF THIS CERTIFICATE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE MASTER SERVICER, THE COMPANY OR THE TRUSTEE TO ANY OBLIGATION OR LIABILITY IN ADDITION TO THOSE UNDERTAKEN IN THE AGREEMENT.

Certificate No. ___

Prepayment Charge

Class P – Prepayment Charge

Aggregate Certificate Principal Balance of the Class P Certificates as of the Cut-off Date: $0.00

Date of Pooling and Servicing Agreement and Cut-off Date: _____ 1, ____

First Distribution Date: _____ 25, ____

Initial Certificate Principal Balance of this Certificate: $____

Master Servicer: Residential Funding Corporation

Percentage Interest of this Certificate: 100%

Assumed Final Distribution Date: _____ 25, ____

CUSIP: _____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE,
SERIES ____-___

evidencing a percentage interest in any distributions allocable to the Class P Certificates with respect to the Trust Fund consisting primarily of a pool of [one- to four-family residential, payment-option, adjustable-rate first lien mortgage loans with a negative amortization feature] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (as specified above) in certain distributions with respect to a Trust Fund consisting primarily of a pool of [one- to four-family residential, payment-option, adjustable-rate first lien mortgage loans with a negative amortization feature] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, the capitalized terms

used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing on the first Distribution Date specified above, to the Person in whose name this Certificate at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month immediately preceding the month of such distribution (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to Holders of Class P Certificates on such Distribution Date.

Distributions on this Certificate will be made either by the Master Servicer acting on behalf of the Trustee or by a Paying Agent appointed by the Trustee in immediately available funds (by wire transfer or otherwise) for the account of the Person entitled thereto if such Person shall have so notified the Master Servicer or such Paying Agent, or by check mailed to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York.

No transfer of this Class P Certificate will be made unless such transfer is exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities laws or is made in accordance with said Act and laws. In the event that such a transfer is to be made, (i) the Trustee or the Company may require an opinion of counsel acceptable to and in form and substance satisfactory to the Trustee and the Company that such transfer is exempt (describing the applicable exemption and the basis therefor) from or is being made pursuant to the registration requirements of the Securities Act of 1933, as amended, and of any applicable statute of any state and (ii) the transferee shall execute an investment letter in the form described by the Agreement. The Holder hereof desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee, the Company, the Master Servicer and the Certificate Registrar acting on behalf of the Trustee against any liability that may result if the transfer is not so exempt or is not made in accordance with such Federal and state laws. In connection with any such transfer, the Trustee will also require either (i) an opinion of counsel acceptable to and in form and substance satisfactory to the Trustee, the Company and the Master Servicer with respect to the permissibility of such transfer under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code (the "Code") and stating, among other things, that the transferee's acquisition of a Class P Certificate will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (ii) a representation letter, in the form as described by Section 5.02(e) of the Agreement, either stating that the transferee is not an employee benefit or other plan subject to the prohibited transaction provisions of ERISA or Section 4975 of the Code (a "Plan"), or any other person (including an investment manager, a named fiduciary or a trustee

of any Plan) acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any Plan.

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates

of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: _____

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class P Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ (Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____ account number _____, or, if mailed by check, to _____ Applicable statements should be mailed to _____.

This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT D

FORM OF CLASS R CERTIFICATE

THIS CERTIFICATE MAY NOT BE HELD BY OR TRANSFERRED TO A NON-UNITED STATES PERSON OR A DISQUALIFIED ORGANIZATION (AS DEFINED BELOW).

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "RESIDUAL INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT" AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986 (THE "CODE").

NO TRANSFER OF THIS CERTIFICATE MAY BE MADE TO ANY PERSON, UNLESS THE TRANSFEREE PROVIDES EITHER A CERTIFICATION PURSUANT TO SECTION 5.02(e) OF THE AGREEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE MASTER SERVICER, THE COMPANY AND THE TRUSTEE THAT THE PURCHASE OF THIS CERTIFICATE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE MASTER SERVICER, THE COMPANY OR THE TRUSTEE TO ANY OBLIGATION OR LIABILITY IN ADDITION TO THOSE UNDERTAKEN IN THE AGREEMENT.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IF THE PROPOSED TRANSFEREE PROVIDES A TRANSFER AFFIDAVIT TO THE MASTER SERVICER AND THE TRUSTEE THAT (1) SUCH TRANSFEREE IS NOT (A) THE UNITED STATES, ANY STATE OR POLITICAL SUBDIVISION THEREOF, ANY POSSESSION OF THE UNITED STATES, OR ANY AGENCY OR INSTRUMENTALITY OF ANY OF THE FOREGOING (OTHER THAN AN INSTRUMENTALITY WHICH IS A CORPORATION IF ALL OF ITS ACTIVITIES ARE SUBJECT TO TAX AND EXCEPT FOR FREDDIE MAC, A MAJORITY OF ITS BOARD OF DIRECTORS IS NOT SELECTED BY SUCH GOVERNMENTAL UNIT), (B) A FOREIGN GOVERNMENT, ANY INTERNATIONAL ORGANIZATION, OR ANY AGENCY OR INSTRUMENTALITY OF EITHER OF THE FOREGOING, (C) ANY ORGANIZATION (OTHER THAN CERTAIN FARMERS' COOPERATIVES DESCRIBED IN SECTION 521 OF THE CODE) WHICH IS EXEMPT FROM THE TAX IMPOSED BY CHAPTER 1 OF THE CODE UNLESS SUCH ORGANIZATION IS SUBJECT TO THE TAX IMPOSED BY SECTION 511 OF THE CODE (INCLUDING THE TAX IMPOSED BY SECTION 511 OF THE CODE ON UNRELATED BUSINESS TAXABLE INCOME), (D) RURAL ELECTRIC AND TELEPHONE COOPERATIVES DESCRIBED IN SECTION 1381(a)(2)(C) OF THE CODE, (E) AN ELECTING LARGE PARTNERSHIP UNDER SECTION 775(a) OF THE CODE (ANY SUCH PERSON DESCRIBED IN THE FOREGOING CLAUSES (A), (B), (C), (D) OR (E) BEING HEREIN REFERRED TO AS A "DISQUALIFIED ORGANIZATION"), OR (F) AN AGENT OF A DISQUALIFIED ORGANIZATION, (2) NO PURPOSE OF SUCH TRANSFER IS TO IMPEDE THE ASSESSMENT OR COLLECTION OF TAX AND (3) SUCH TRANSFEREE SATISFIES CERTAIN ADDITIONAL CONDITIONS RELATING TO

THE FINANCIAL CONDITION OF THE PROPOSED TRANSFEREE. NOTWITHSTANDING THE REGISTRATION IN THE CERTIFICATE REGISTER OR ANY TRANSFER, SALE OR OTHER DISPOSITION OF THIS CERTIFICATE TO A DISQUALIFIED ORGANIZATION OR AN AGENT OF A DISQUALIFIED ORGANIZATION, SUCH REGISTRATION SHALL BE DEEMED TO BE OF NO LEGAL FORCE OR EFFECT WHATSOEVER AND SUCH PERSON SHALL NOT BE DEEMED TO BE A CERTIFICATEHOLDER FOR ANY PURPOSE HEREUNDER, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF DISTRIBUTIONS ON THIS CERTIFICATE. EACH HOLDER OF THIS CERTIFICATE BY ACCEPTANCE OF THIS CERTIFICATE SHALL BE DEEMED TO HAVE CONSENTED TO THE PROVISIONS OF THIS PARAGRAPH.

Certificate No. ___

[___]% Pass-Through Rate

Class R Senior

Aggregate Initial Certificate Principal Balance of the Class R Certificates: $100.00

Date of Pooling and Servicing Agreement and Cut-off Date: _____ 1, ____

Initial Certificate Principal Balance of this Certificate: $_____

First Distribution Date: _____ 25, ____

Master Servicer: Residential Funding Corporation

Percentage Interest: _____%

Assumed Final Distribution Date: _____ 25, ____

CUSIP 76110F-_____

MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE, SERIES ____-___

evidencing a percentage interest in any distributions allocable to the Class R Certificates with respect to the Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] formed and sold by RESIDENTIAL ACCREDIT LOANS, INC.

This Certificate is payable solely from the assets of the Trust Fund, and does not represent an obligation of or interest in Residential Accredit Loans, Inc., the Master Servicer, the Trustee referred to below or GMAC Mortgage Group, Inc. or any of their affiliates. Neither this Certificate nor the underlying Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality or by Residential Accredit Loans, Inc., the Master Servicer, the Trustee or GMAC Mortgage Group, Inc. or any of their affiliates. None of the Company, the Master Servicer, GMAC Mortgage Group, Inc. or any of their affiliates will have any obligation with respect to any certificate or other obligation secured by or payable from payments on the Certificates.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the Initial Certificate Principal Balance of this Certificate by the aggregate Initial Certificate Principal Balance of all Class R Certificates, both as specified above) in certain distributions with respect to the Trust Fund consisting primarily of a pool of [conventional one- to four-family fixed interest rate first mortgage loans] (the "Mortgage Loans"), formed and sold by Residential Accredit Loans, Inc. (hereinafter called the "Company," which term includes any successor entity under the Agreement referred to below). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as specified above (the "Agreement") among the Company, the Master Servicer and _____, as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, a distribution will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing as described in the Agreement, to the Person in whose name this Certificate is registered at the close of business on the last day (or if such last day is not a Business Day, the Business Day immediately preceding such last day) of the month immediately preceding the month of such distribution (the "Record Date"), from the Available Distribution Amount in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount (of interest and principal, if any) required to be distributed to Holders of Class R Certificates on such Distribution Date.

Each Holder of this Certificate will be deemed to have agreed to be bound by the restrictions set forth in the Agreement to the effect that (i) each person holding or acquiring any Ownership Interest in this Certificate must be a United States Person and a Permitted Transferee, (ii) the transfer of any Ownership Interest in this Certificate will be conditioned upon the delivery to the Trustee of, among other things, an affidavit to the effect that it is a United States Person and Permitted Transferee, (iii) any attempted or purported transfer of any Ownership Interest in this Certificate in violation of such restrictions will be absolutely null and void and will vest no rights in the purported transferee, and (iv) if any person other than a United States Person and a Permitted Transferee acquires any Ownership Interest in this Certificate in violation of such restrictions, then the Company will have the right, in its sole discretion and without notice to the Holder of this Certificate, to sell this Certificate to a purchaser selected by the Company, which purchaser may be the Company, or any affiliate of the Company, on such terms and conditions as the Company may choose.

Notwithstanding the above, the final distribution on this Certificate will be made after due notice of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Trustee for that purpose in the City and State of New York. The Initial Certificate Principal Balance of this Certificate is set forth above. The Certificate Principal Balance hereof will be reduced to the extent of distributions allocable to principal and any Realized Losses allocable hereto. Notwithstanding the reduction of the Certificate Principal Balance hereof to zero, this Certificate will remain outstanding under the

Agreement and the Holder hereof may have additional obligations with respect to this Certificate, including tax liabilities, and may be entitled to certain additional distributions hereon, in accordance with the terms and provisions of the Agreement.

No transfer of this Class R Certificate will be made unless the Trustee has received either (i) an opinion of counsel acceptable to and in form and substance satisfactory to the Trustee, the Company and the Master Servicer with respect to the permissibility of such transfer under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code (the "Code") and stating, among other things, that the transferee's acquisition of a Class R Certificate will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (ii) a representation letter, in the form as described by the Agreement, stating that the transferee is not an employee benefit or other plan subject to the prohibited transaction provisions of ERISA or Section 4975 of the Code (a "Plan"), or any other person (including an investment manager, a named fiduciary or a trustee of any Plan) acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any Plan.

This Certificate is one of a duly authorized issue of Certificates issued in several Classes designated as Mortgage Asset-Backed Pass-Through Certificates of the Series specified hereon (herein collectively called the "Certificates").

The Certificates are limited in right of payment to certain collections and recoveries respecting the Mortgage Loans, all as more specifically set forth herein and in the Agreement. In the event Master Servicer funds are advanced with respect to any Mortgage Loan, such advance is reimbursable to the Master Servicer, to the extent provided in the Agreement, from related recoveries on such Mortgage Loan or from other cash that would have been distributable to Certificateholders.

As provided in the Agreement, withdrawals from the Custodial Account and/or the Certificate Account created for the benefit of Certificateholders may be made by the Master Servicer from time to time for purposes other than distributions to Certificateholders, such purposes including without limitation reimbursement to the Company and the Master Servicer of advances made, or certain expenses incurred, by either of them.

The Agreement permits, with certain exceptions therein provided, the amendment of the Agreement and the modification of the rights and obligations of the Company, the Master Servicer and the Trustee and the rights of the Certificateholders under the Agreement at any time by the Company, the Master Servicer and the Trustee with the consent of the Holders of Certificates evidencing in the aggregate not less than 66% of the Percentage Interests of each Class of Certificates affected thereby. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon the Certificate. The Agreement also permits the amendment thereof in certain circumstances without the consent of the Holders of any of the Certificates and, in certain additional circumstances, without the consent of the Holders of certain Classes of Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Trustee in the City and State of New York, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in Classes and in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of authorized denominations evidencing the same Class and aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Master Servicer, the Trustee and the Certificate Registrar and any agent of the Company, the Master Servicer, the Trustee or the Certificate Registrar may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Master Servicer, the Trustee nor any such agent shall be affected by notice to the contrary.

This Certificate shall be governed by and construed in accordance with the laws of the State of New York.

The obligations created by the Agreement in respect of the Certificates and the Trust Fund created thereby shall terminate upon the payment to Certificateholders of all amounts held by or on behalf of the Trustee and required to be paid to them pursuant to the Agreement following the earlier of (i) the maturity or other liquidation of the last Mortgage Loan subject thereto or the disposition of all property acquired upon foreclosure or deed in lieu of foreclosure of any Mortgage Loan and (ii) the purchase by the Master Servicer from the Trust Fund of all remaining Mortgage Loans and all property acquired in respect of such Mortgage Loans, thereby effecting early retirement of the Certificates. The Agreement permits, but does not require, the Master Servicer to (i) purchase at a price determined as provided in the Agreement all remaining Mortgage Loans and all property acquired in respect of any Mortgage Loan or (ii) purchase in whole, but not in part, all of the Certificates from the Holders thereof; provided, that any such option may only be exercised if the Pool Stated Principal Balance of the Mortgage Loans as of the Distribution Date upon which the proceeds of any such purchase are distributed is less than ten percent of the Cut-off Date Principal Balance of the Mortgage Loans.

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purpose have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Certificate Registrar, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

[_____],
as Trustee

By:_____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This is one of the Class R Certificates referred to in the within-mentioned Agreement.

[_____],
as Certificate Registrar

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ (Please print or typewrite name and address including postal zip code of assignee) a Percentage Interest evidenced by the within Mortgage Asset-Backed Pass-Through Certificate and hereby authorizes the transfer of registration of such interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Certificate Registrar to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____ account number _____, or, if mailed by check, to _____ Applicable statements should be mailed to _____.

This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT E

FORM OF SELLER/SERVICER CONTRACT

This Seller/Servicer Contract (as may be amended, supplemented or otherwise modified from time to time, this "Contract") is made this _____ day of _____, 20____, by and between Residential Funding Corporation, its successors and assigns ("Residential Funding") and _____ (the "Seller/Servicer," and, together with Residential Funding, the "parties" and each, individually, a "party").

WHEREAS, the Seller/Servicer desires to sell Loans to, and/or service Loans for, Residential Funding, and Residential Funding desires to purchase Loans from the Seller/Servicer and/or have the Seller/Servicer service various of its Loans, pursuant to the terms of this Contract and the Residential Funding Seller and Servicer Guides incorporated herein by reference, as amended, supplemented or otherwise modified, from time to time (together, the "Guides").

NOW, THEREFORE, in consideration of the premises, and the terms, conditions and agreements set forth below, the parties agree as follows:

1. Incorporation of Guides by Reference.

The Seller/Servicer acknowledges that it has received and read the Guides. All provisions of the Guides are incorporated by reference into and made a part of this Contract, and shall be binding upon the parties; provided, however, that the Seller/Servicer shall be entitled to sell Loans to and/or service Loans for Residential Funding only if and for so long as it shall have been authorized to do so by Residential Funding in writing. Specific reference in this Contract to particular provisions of the Guides and not to other provisions does not mean that those provisions of the Guides not specifically cited in this Contract are not applicable. All terms used herein shall have the same meanings as such terms have in the Guides, unless the context clearly requires otherwise.

2. Amendments.

This Contract may not be amended or modified orally, and no provision of this Contract may be waived or amended except in writing signed by the party against whom enforcement is sought. Such a written waiver or amendment must expressly reference this Contract. However, by their terms, the Guides may be amended or supplemented by Residential Funding from time to time. Any such amendment(s) to the Guides shall be binding upon the parties hereto.

3. Representations and Warranties.

a. Reciprocal Representations and Warranties.

The Seller/Servicer and Residential Funding each represents and warrants to the other that as of the date of this Contract:

(1) Each party is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization, is qualified, if necessary, to do business and in good standing in each jurisdiction in which it is required to be so qualified, and has the requisite power and authority to enter into this Contract and all other agreements which are contemplated by this Contract and to carry out its obligations hereunder and under the Guides and under such other agreements.

(2) This Contract has been duly authorized, executed and delivered by each party and constitutes a valid and legally binding agreement of each party enforceable in accordance with its terms.

(3) There is no action, proceeding or investigation pending or threatened, and no basis therefor is known to either party, that could affect the validity or prospective validity of this Contract.

(4) Insofar as its capacity to carry out any obligation under this Contract is concerned, neither party is in violation of any charter, articles of incorporation, bylaws, mortgage, indenture, indebtedness, agreement, instrument, judgment, decree, order, statute, rule or regulation and none of the foregoing adversely affects its capacity to fulfill any of its obligations under this Contract. Its execution of, and performance pursuant to, this Contract will not result in a violation of any of the foregoing.

b. Seller/Servicer's Representations, Warranties and Covenants.

In addition to the representations, warranties and covenants made by the Seller/Servicer pursuant to subparagraph (a) of this paragraph 3, the Seller/Servicer makes the representations, warranties and covenants set forth in the Guides and, upon request, agrees to deliver to Residential Funding the certified Resolution of Board of Directors which authorizes the execution and delivery of this Contract.

4. Remedies of Residential Funding.

If an Event of Seller Default or an Event of Servicer Default shall occur, Residential Funding may, at its option, exercise one or more of those remedies set forth in the Guides.

5. Seller/Servicer's Status as Independent Contractor.

At no time shall the Seller/Servicer represent that it is acting as an agent of Residential Funding. The Seller/Servicer shall, at all times, act as an independent contractor.

6. Prior Agreements Superseded.

This Contract restates, amends and supersedes any and all prior Seller Contracts or Servicer Contracts between the parties except that any subservicing agreement executed by the Seller/Servicer in connection with any loan-security exchange transaction shall not be affected.

7. Assignment.

This Contract may not be assigned or transferred, in whole or in part, by the Seller/Servicer without the prior written consent of Residential Funding. Residential Funding may sell, assign, convey, hypothecate, pledge or in any other way transfer, in whole or in part, without restriction, its rights under this Contract and the Guides with respect to any Commitment or Loan.

8. Notices.

All notices, requests, demands or other communications that are to be given under this Contract shall be in writing, addressed to the appropriate parties and sent by telefacsimile or by overnight courier or by United States mail, postage prepaid, to the addresses and telefacsimile numbers specified below. However, another name, address and/or telefacsimile number may be substituted by the Seller/Servicer pursuant to the requirements of this paragraph 8, or Residential Funding pursuant to an amendment to the Guides.

If to Residential Funding, notices must be sent to the appropriate address or telefacsimile number specified in the Guides.

If to the Seller/Servicer, notice must be sent to:

_____

_____

_____

Attention:_____

Telefacsimile Number: (___) ___-____

9. Jurisdiction and Venue.

Each of the parties irrevocably submits to the jurisdiction of any state or federal court located in Hennepin County, Minnesota, over any action, suit or proceeding to enforce or defend any right under this Contract or otherwise arising from any loan sale or servicing relationship existing in connection with this Contract, and each of the parties irrevocably agrees that all claims in respect of any such action or proceeding may be heard or determined in such state or federal court. Each of the parties irrevocably waives the defense of an inconvenient forum to the maintenance of any such action or proceeding and any other substantive or procedural rights or remedies it may have with respect to the maintenance of any such action or proceeding in any such forum. Each of the parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Each of the parties further agrees not to institute any legal actions or proceedings against the other party or any director, officer, employee, attorney, agent or property of the other party, arising out of or relating to this Contract in any court other than as hereinabove specified in this paragraph 9.

10. Miscellaneous.

This Contract, including all documents incorporated by reference herein, constitutes the entire understanding between the parties hereto and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether written or oral, with respect to the transactions contemplated by this Contract. All paragraph headings contained herein are for convenience only and shall not be construed as part of this Contract. Any provision of this Contract that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and, to this end, the provisions hereof are severable. This Contract shall be governed by, and construed and enforced in accordance with, applicable federal laws and the laws of the State of Minnesota.

IN WITNESS WHEREOF, the duly authorized officers of the Seller/Servicer and Residential Funding have executed this Seller/Servicer Contract as of the date first above written.

ATTEST:

[Corporate Seal]

By:_____
(Signature)

By:_____
(Typed Name)

Title:_____

SELLER/SERVICER

_____
(Name of Seller/Servicer)

By:_____
(Signature)

By:_____
(Typed Name)

Title:_____

ATTEST:

[Corporate Seal]

By:_____
(Signature)

By:_____
(Typed Name)

Title:_____

RESIDENTIAL FUNDING CORPORATION

By:_____
(Signature)

By:_____
(Typed Name)

Title:_____

EXHIBIT F
FORMS OF REQUEST FOR RELEASE

DATE:

TO:

RE: REQUEST FOR RELEASE OF DOCUMENTS

In connection with the administration of the pool of Mortgage Loans held by you for the referenced pool, we request the release of the Mortgage Loan File described below.

Pooling and Servicing Agreement Dated:
Series#:
Account#:
Pool#:
Loan#:
MIN#:
Borrower Name(s):
Reason for Document Request: (circle one)

Mortgage Loan Prepaid in Full Mortgage Loan Repurchased

"We hereby certify that all amounts received or to be received in connection with such payments which are required to be deposited have been or will be so deposited as provided in the Pooling and Servicing Agreement."

_____
Residential Funding Corporation
Authorized Signature

****

TO CUSTODIAN/TRUSTEE: Please acknowledge this request, and check off documents being enclosed with a copy of this form. You should retain this form for your files in accordance with the terms of the Pooling and Servicing Agreement.

Enclosed Documents:
[ ] Promissory Note
[ ] Primary Insurance Policy
[ ] Mortgage or Deed of Trust
[ ] Assignment(s) of Mortgage or Deed of Trust
[ ] Title Insurance Policy
[ ] Other:

Name:_____
Title:_____
Date:_____

EXHIBIT G-1

FORM OF TRANSFER AFFIDAVIT AND AGREEMENT

STATE OF)
) ss.:
COUNTY OF)

[NAME OF OFFICER], being first duly sworn, deposes and says:

1. That he is [Title of Officer] of [Name of Owner] (record or beneficial owner of the Mortgage Asset-Backed Pass-Through Certificates, Series ____-___, Class R (the "Owner")), a [savings institution] [corporation] duly organized and existing under the laws of [the State of _____] [the United States], on behalf of which he makes this affidavit and agreement.

2. That the Owner (i) is not and will not be a "disqualified organization" or an electing large partnership as of [date of transfer] within the meaning of Sections 860E(e)(5) and 775, respectively, of the Internal Revenue Code of 1986, as amended (the "Code") or an electing large partnership under Section 775(a) of the Code, (ii) will endeavor to remain other than a disqualified organization for so long as it retains its ownership interest in the Class R Certificates, and (iii) is acquiring the Class R Certificates for its own account or for the account of another Owner from which it has received an affidavit and agreement in substantially the same form as this affidavit and agreement. (For this purpose, a "disqualified organization" means an electing large partnership under Section 775 of the Code, the United States, any state or political subdivision thereof, any agency or instrumentality of any of the foregoing (other than an instrumentality all of the activities of which are subject to tax and, except for the Federal Home Loan Mortgage Corporation, a majority of whose board of directors is not selected by any such governmental entity) or any foreign government, international organization or any agency or instrumentality of such foreign government or organization, any rural electric or telephone cooperative, or any organization (other than certain farmers' cooperatives) that is generally exempt from federal income tax unless such organization is subject to the tax on unrelated business taxable income).

3. That the Owner is aware (i) of the tax that would be imposed on transfers of Class R Certificates to disqualified organizations or electing large partnerships, under the Code, that applies to all transfers of Class R Certificates after March 31, 1988; (ii) that such tax would be on the transferor (or, with respect to transfers to electing large partnerships, on each such partnership), or, if such transfer is through an agent (which person includes a broker, nominee or middleman) for a disqualified organization, on the agent; (iii) that the person (other than with respect to transfers to electing large partnerships) otherwise liable for the tax shall be relieved of liability for the tax if the transferee furnishes to such person an affidavit that the transferee is not a disqualified organization and, at the time of transfer, such person does not have actual knowledge that the affidavit is false; and (iv) that the Class R Certificates may be "noneconomic residual interests" within the meaning of Treasury regulations promulgated pursuant to the Code and that the transferor of a noneconomic residual interest will remain liable

for any taxes due with respect to the income on such residual interest, unless no significant purpose of the transfer was to impede the assessment or collection of tax.

4. That the Owner is aware of the tax imposed on a "pass-through entity" holding Class R Certificates if either the pass-through entity is an electing large partnership under Section 775 of the Code or if at any time during the taxable year of the pass-through entity a disqualified organization is the record holder of an interest in such entity. (For this purpose, a "pass through entity" includes a regulated investment company, a real estate investment trust or common trust fund, a partnership, trust or estate, and certain cooperatives.)

5. The Owner is either (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity treated as a corporation or a partnership for U.S. federal income tax purposes and created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), (iii) an estate that is described in Section 7701(a)(30)(D) of the Code, or (iv) a trust that is described in Section 7701(a)(30)(E) of the Code.

6. The Owner hereby agrees that it will not cause income from the Class R Certificates to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the Owner or another United States taxpayer.

7. That the Owner is aware that the Trustee will not register the transfer of any Class R Certificates unless the transferee, or the transferee's agent, delivers to it an affidavit and agreement, among other things, in substantially the same form as this affidavit and agreement. The Owner expressly agrees that it will not consummate any such transfer if it knows or believes that any of the representations contained in such affidavit and agreement are false.

8. That the Owner has reviewed the restrictions set forth on the face of the Class R Certificates and the provisions of Section 5.02(f) of the Pooling and Servicing Agreement under which the Class R Certificates were issued (in particular, clause (iii)(A) and (iii)(B) of Section 5.02(f) which authorize the Trustee to deliver payments to a person other than the Owner and negotiate a mandatory sale by the Trustee in the event the Owner holds such Certificates in violation of Section 5.02(f)). The Owner expressly agrees to be bound by and to comply with such restrictions and provisions.

9. That the Owner consents to any additional restrictions or arrangements that shall be deemed necessary upon advice of counsel to constitute a reasonable arrangement to ensure that the Class R Certificates will only be owned, directly or indirectly, by an Owner that is not a disqualified organization.

10. The Owner's Taxpayer Identification Number is _____.

11. This affidavit and agreement relates only to the Class R Certificates held by the Owner and not to any other holder of the Class R Certificates. The Owner understands that the liabilities described herein relate only to the Class R Certificates.

12. That no purpose of the Owner relating to the transfer of any of the Class R Certificates by the Owner is or will be to impede the assessment or collection of any tax; in making this representation, the Owner warrants that the Owner is familiar with (i) Treasury Regulation Section 1.860E-1(c) and recent amendments thereto, effective as of July 19, 2002, and (ii) the preamble describing the adoption of the amendments to such regulation, which is attached hereto as Exhibit 1.

13. That the Owner has no present knowledge or expectation that it will be unable to pay any United States taxes owed by it so long as any of the Certificates remain outstanding. In this regard, the Owner hereby represents to and for the benefit of the person from whom it acquired the Class R Certificate that the Owner intends to pay taxes associated with holding such Class R Certificate as they become due, fully understanding that it may incur tax liabilities in excess of any cash flows generated by the Class R Certificate.

14. That the Owner has no present knowledge or expectation that it will become insolvent or subject to a bankruptcy proceeding for so long as any of the Class R Certificates remain outstanding.

15. The Purchaser is not an employee benefit plan or other plan subject to the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code, or an investment manager, named fiduciary or a trustee of any such plan, or any other Person acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any such plan.

IN WITNESS WHEREOF, the Owner has caused this instrument to be executed on its behalf, pursuant to the authority of its Board of Directors, by its [Title of Officer] and its corporate seal to be hereunto attached, attested by its [Assistant] Secretary, this ____ day of _____, 200__.

[NAME OF OWNER]

By:_____
[Name of Officer]
[Title of Officer]

[Corporate Seal]

ATTEST:

_____
[Assistant] Secretary

Personally appeared before me the above-named [Name of Officer], known or proved to me to be the same person who executed the foregoing instrument and to be the [Title of Officer] of the Owner, and acknowledged to me that he executed the same as his free act and deed and the free act and deed of the Owner.

Subscribed and sworn before me this ____ day of _____, 200__.

_____
NOTARY PUBLIC

COUNTY OF_____
STATE OF_____
My Commission expires the ____ day of
_____, 20__.

EXHIBIT 1

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[TD 9004]
RIN 1545-AW98

Real Estate Mortgage Investment Conduits

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to safe harbor transfers of noneconomic residual interests in real estate mortgage investment conduits (REMICs). The final regulations provide additional limitations on the circumstances under which transferors may claim safe harbor treatment.

DATES: Effective Date: These regulations are effective July 19, 2002.
Applicability Date: For dates of applicability, see Sec. 1.860E-(1)(c)(10).

FOR FURTHER INFORMATION CONTACT: Courtney Shepardson at (202) 622-3940 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collection of information in this final rule has been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget (OMB) under 44 U.S.C. 3507 and assigned control number 1545-1675.

The collection of information in this regulation is in Sec. 1.860E-1(c)(5)(ii). This information is required to enable the IRS to verify that a taxpayer is complying with the conditions of this regulation. The collection of information is mandatory and is required. Otherwise, the taxpayer will not receive the benefit of safe harbor treatment as provided in the regulation. The likely respondents are businesses and other for-profit institutions.

Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC, 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, W:CAR:MP:FP:S, Washington, DC 20224. Comments on the collection of information should be received by September 17, 2002. Comments are specifically requested concerning:

Whether the collection of information is necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the collection of information (see below);

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of service to provide information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

The estimated total annual reporting burden is 470 hours, based on an estimated number of respondents of 470 and an estimated average annual burden hours per respondent of one hour.

Books or records relating to a collection of information must be

retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

This document contains final regulations regarding the proposed amendments to 26 CFR part 1 under section 860E of the Internal Revenue Code (Code). The regulations provide the circumstances under which a transferor of a noneconomic REMIC residual interest meeting the investigation and representation requirements may avail itself of the safe harbor by satisfying either the formula test or the asset test.

Final regulations governing REMICs, issued in 1992, contain rules governing the transfer of noneconomic REMIC residual interests. In general, a transfer of a noneconomic residual interest is disregarded for all tax purposes if a significant purpose of the transfer is to

[[Page 47452]]

enable the transferor to impede the assessment or collection of tax. A purpose to impede the assessment or collection of tax (a wrongful purpose) exists if the transferor, at the time of the transfer, either knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the REMIC' s taxable income.

Under a safe harbor, the transferor of a REMIC noneconomic residual interest is presumed not to have a wrongful purpose if two requirements are satisfied: (1) the transferor conducts a reasonable investigation of the transferee' s financial condition (the investigation requirement); and (2) the transferor secures a representation from the transferee to the effect that the transferee understands the tax obligations associated with holding a residual interest and intends to pay those taxes (the representation requirement).

The IRS and Treasury have been concerned that some transferors of noneconomic residual interests claim they satisfy the safe harbor even in situations where the economics of the transfer clearly indicate the transferee is unwilling or unable to pay the tax associated with holding the interest. For this reason, on February 7, 2000, the IRS

published in the Federal Register (65 FR 5807) a notice of proposed rulemaking (REG-100276-97; REG-122450-98) designed to clarify the safe harbor by adding the ``formula test,' ' an economic test. The proposed regulation provides that the safe harbor is unavailable unless the present value of the anticipated tax liabilities associated with holding the residual interest does not exceed the sum of: (1) The present value of any consideration given to the transferee to acquire the interest; (2) the present value of the expected future distributions on the interest; and (3) the present value of the anticipated tax savings associated with holding the interest as the REMIC generates losses.

The notice of proposed rulemaking also contained rules for FASITs. Section 1.860H-6(g) of the proposed regulations provides requirements for transfers of FASIT ownership interests and adopts a safe harbor by reference to the safe harbor provisions of the REMIC regulations.

In January 2001, the IRS published Rev. Proc. 2001-12 (2001-3 I.R.B. 335) to set forth an alternative safe harbor that taxpayers could use while the IRS and the Treasury considered comments on the proposed regulations. Under the alternative safe harbor, if a transferor meets the investigation requirement and the representation requirement but the transfer fails to meet the formula test, the transferor may invoke the safe harbor if the transferee meets a two-prong test (the asset test). A transferee generally meets the first prong of this test if, at the time of the transfer, and in each of the two years preceding the year of transfer, the transferee' s gross assets exceed $100 million and its net assets exceed $10 million. A transferee generally meets the second prong of this test if it is a domestic, taxable corporation and agrees in writing not to transfer the interest to any person other than another domestic, taxable corporation that also satisfies the requirements of the asset test. A transferor cannot rely on the asset test if the transferor knows, or has reason to know, that the transferee will not comply with its written agreement to limit the restrictions on subsequent transfers of the residual interest.

Rev. Proc. 2001-12 provides that the asset test fails to be satisfied in the case of a transfer or assignment of a noneconomic residual interest to a foreign branch of an otherwise eligible transferee. If such a transfer or assignment were permitted, a

corporate taxpayer might seek to claim that the provisions of an applicable income tax treaty would resource excess inclusion income as foreign source income, and that, as a consequence, any U.S. tax liability attributable to the excess inclusion income could be offset by foreign tax credits. Such a claim would impede the assessment or collection of U.S. tax on excess inclusion income, contrary to the congressional purpose of assuring that such income will be taxable in all events. See, e.g., sections 860E(a)(1), (b), (e) and 860G(b) of the Code.

The Treasury and the IRS have learned that certain taxpayers transferring noneconomic residual interests to foreign branches have attempted to rely on the formula test to obtain safe harbor treatment in an effort to impede the assessment or collection of U.S. tax on excess inclusion income. Accordingly, the final regulations provide that if a noneconomic residual interest is transferred to a foreign permanent establishment or fixed base of a U.S. taxpayer, the transfer is not eligible for safe harbor treatment under either the asset test or the formula test. The final regulations also require a transferee to represent that it will not cause income from the noneconomic residual interest to be attributable to a foreign permanent establishment or fixed base.

Section 1.860E-1(c)(8) provides computational rules that a taxpayer may use to qualify for safe harbor status under the formula test. Section 1.860E-1(c)(8)(i) provides that the transferee is presumed to pay tax at a rate equal to the highest rate of tax specified in section 11(b). Some commentators were concerned that this presumed rate of taxation was too high because it does not take into consideration taxpayers subject to the alternative minimum tax rate. In light of the comments received, this provision has been amended in the final regulations to allow certain transferees that compute their taxable income using the alternative minimum tax rate to use the alternative minimum tax rate applicable to corporations.

Additionally, Sec. 1.860E-1(c)(8)(iii) provides that the present values in the formula test are to be computed using a discount rate equal to the applicable Federal short-term rate prescribed by section 1274(d). This is a change from the proposed regulation and Rev. Proc. 2001-12. In those publications the provision stated that ``present

values are computed using a discount rate equal to the applicable Federal rate prescribed in section 1274(d) compounded semiannually' ' and that ``[a] lower discount rate may be used if the transferee can demonstrate that it regularly borrows, in the course of its trade or business, substantial funds at such lower rate from an unrelated third party.' ' The IRS and the Treasury Department have learned that, based on this provision, certain taxpayers have been attempting to use unrealistically low or zero interest rates to satisfy the formula test, frustrating the intent of the test. Furthermore, the Treasury Department and the IRS believe that a rule allowing for a rate other than a rate based on an objective index would add unnecessary complexity to the safe harbor. As a result, the rule in the proposed regulations that permits a transferee to use a lower discount rate, if the transferee can demonstrate that it regularly borrows substantial funds at such lower rate, is not included in the final regulations; and the Federal short-term rate has been substituted for the applicable Federal rate. To simplify taxpayers' computations, the final regulations allow use of any of the published short-term rates, provided that the present values are computed with a corresponding period of compounding. With the exception of the provisions relating to transfers to foreign branches, these changes generally have the proposed applicability date of February 4, 2000, but taxpayers may choose to apply the interest rate formula set forth in the proposed regulation and Rev. Proc. 2001-12 for transfers occurring before August 19, 2002.

It is anticipated that when final regulations are adopted with respect to

[[Page 47453]]

FASITs, Sec. 1.860H-6(g) of the proposed regulations will be adopted in substantially its present form, with the result that the final regulations contained in this document will also govern transfers of FASIT ownership interests with substantially the same applicability date as is contained in this document.

Effect on Other Documents

Rev. Proc. 2001-12 (2001-3 I.R.B. 335) is obsolete for transfers of noneconomic residual interests in REMICs occurring on or after August 19, 2002.

Special Analyses

It is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that it is unlikely that a substantial number of small entities will hold **REMIC** residual interests. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that sections 553(b) and 553(d) of the Administrative Procedure Act (5 U.S.C. chapter 5) do not apply to these regulations.

Drafting Information

The principal author of these regulations is Courtney Shepardson. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects

26 CFR Part 1

Income taxes, Reporting and record keeping requirements.

26 CFR Part 602

Reporting and record keeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 602 are amended as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

EXHIBIT G-2

FORM OF TRANSFEROR CERTIFICATE

_____, 20__

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Suite 250
Minneapolis, Minnesota 55437

_____
_____
_____

Attention: Residential Funding Corporation Series ____-___

Re: Mortgage Asset-Backed Pass-Through Certificates,
Series ____-___, Class R _____

Ladies and Gentlemen:

This letter is delivered to you in connection with the transfer by _____ (the "Seller") to _____ (the "Purchaser") of $_____ Initial Certificate Principal Balance of Mortgage Asset-Backed Pass-Through Certificates, Series ____-___, Class R (the "Certificates"), pursuant to Section 5.02 of the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), dated as of _____ 1, ____ among Residential Accredit Loans, Inc., as seller (the "Company"), Residential Funding Corporation, as master servicer (the "Master Servicer"), and _____, as trustee (the "Trustee"). All terms used herein and not otherwise defined shall have the meanings set forth in the Pooling and Servicing Agreement. The Seller hereby certifies, represents and warrants to, and covenants with, the Company and the Trustee that:

1. No purpose of the Seller relating to the transfer of the Certificate by the Seller to the Purchaser is or will be to impede the assessment or collection of any tax.

2. The Seller understands that the Purchaser has delivered to the Trustee and the Master Servicer a transfer affidavit and agreement in the form attached to the Pooling and Servicing Agreement as Exhibit G-1. The Seller does not know or believe that any representation contained therein is false.

3. The Seller has at the time of the transfer conducted a reasonable investigation of the financial condition of the Purchaser as contemplated by Treasury Regulations Section 1.860E-1(c)(4)(i) and, as a result of that investigation, the Seller has determined that the Purchaser has historically paid its debts as they become due and has found no significant evidence to indicate that the Purchaser will not continue to pay its debts as they

become due in the future. The Seller understands that the transfer of a Class R Certificate may not be respected for United States income tax purposes (and the Seller may continue to be liable for United States income taxes associated therewith) unless the Seller has conducted such an investigation.

4. The Seller has no actual knowledge that the proposed Transferee is not both a United States Person and a Permitted Transferee.

Very truly yours,

_____
(Seller)

By:_____
Name:_____
Title:_____

EXHIBIT H

FORM OF INVESTOR REPRESENTATION LETTER

_____, 20__

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Suite 250
Minneapolis, MN 55437

_____
_____
_____

Residential Funding Corporation
8400 Normandale Lake Boulevard
Suite 250
Minneapolis, MN 55437

Attention: Residential Funding Corporation Series ____-___

RE: Mortgage Asset-Backed Pass-Through Certificates,
Series ____-___, [Class B-]_____

Ladies and Gentlemen:

_____ (the "Purchaser") intends to purchase from _____ (the "Seller") $_____ Initial Certificate Principal Balance of Mortgage Asset-Backed Pass-Through Certificates, Series ____-___, Class __ (the "Certificates"), issued pursuant to the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), dated as of _____ 1, ____ among Residential Accredit Loans, Inc., as seller (the "Company"), Residential Funding Corporation, as master servicer (the "Master Servicer"), and _____, as trustee (the "Trustee"). All terms used herein and not otherwise defined shall have the meanings set forth in the Pooling and Servicing Agreement. The Purchaser hereby certifies, represents and warrants to, and covenants with, the Company, the Trustee and the Master Servicer that:

1. The Purchaser understands that (a) the Certificates have not been and will not be registered or qualified under the Securities Act of 1933, as amended (the "Act") or any state securities law, (b) the Company is not required to so register or qualify the Certificates, (c) the Certificates may be resold only if registered and qualified pursuant to the provisions of the Act or any state securities law, or if an exemption from such registration and qualification is available, (d) the Pooling and Servicing Agreement contains restrictions regarding

the transfer of the Certificates and (e) the Certificates will bear a legend to the foregoing effect.

2. The Purchaser is acquiring the Certificates for its own account for investment only and not with a view to or for sale in connection with any distribution thereof in any manner that would violate the Act or any applicable state securities laws.

3. The Purchaser is (a) a substantial, sophisticated institutional investor having such knowledge and experience in financial and business matters, and, in particular, in such matters related to securities similar to the Certificates, such that it is capable of evaluating the merits and risks of investment in the Certificates, (b) able to bear the economic risks of such an investment and (c) an "accredited investor" within the meaning of Rule 501(a) promulgated pursuant to the Act.

4. The Purchaser has been furnished with, and has had an opportunity to review (a) [a copy of the Private Placement Memorandum, dated _____, 20__, relating to the Certificates (b)] a copy of the Pooling and Servicing Agreement and [b] [c] such other information concerning the Certificates, the Mortgage Loans and the Company as has been requested by the Purchaser from the Company or the Seller and is relevant to the Purchaser's decision to purchase the Certificates. The Purchaser has had any questions arising from such review answered by the Company or the Seller to the satisfaction of the Purchaser. [If the Purchaser did not purchase the Certificates from the Seller in connection with the initial distribution of the Certificates and was provided with a copy of the Private Placement Memorandum (the "Memorandum") relating to the original sale (the "Original Sale") of the Certificates by the Company, the Purchaser acknowledges that such Memorandum was provided to it by the Seller, that the Memorandum was prepared by the Company solely for use in connection with the Original Sale and the Company did not participate in or facilitate in any way the purchase of the Certificates by the Purchaser from the Seller, and the Purchaser agrees that it will look solely to the Seller and not to the Company with respect to any damage, liability, claim or expense arising out of, resulting from or in connection with (a) error or omission, or alleged error or omission, contained in the Memorandum, or (b) any information, development or event arising after the date of the Memorandum.]

5. The Purchaser has not and will not nor has it authorized or will it authorize any person to (a) offer, pledge, sell, dispose of or otherwise transfer any Certificate, any interest in any Certificate or any other similar security to any person in any manner, (b) solicit any offer to buy or to accept a pledge, disposition of other transfer of any Certificate, any interest in any Certificate or any other similar security from any person in any manner, (c) otherwise approach or negotiate with respect to any Certificate, any interest in any Certificate or any other similar security with any person in any manner, (d) make any general solicitation by means of general advertising or in any other manner or (e) take any

other action, that (as to any of (a) through (e) above) would constitute a distribution of any Certificate under the Act, that would render the disposition of any Certificate a violation of Section 5 of the Act or any state securities law, or that would require registration or qualification pursuant thereto. The Purchaser will not sell or otherwise transfer any of the Certificates, except in compliance with the provisions of the Pooling and Servicing Agreement.

6. The Purchaser

(a) is not an employee benefit or other plan subject to the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (a "Plan"), or any other person (including an investment manager, a named fiduciary or a trustee of any Plan) acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any Plan within the meaning of the Department of Labor ("DOL") regulation at 29 C.F.R. §2510.3-101; or

(b) is an insurance company, the source of funds to be used by it to purchase the Certificates is an "insurance company general account" (within the meaning of DOL Prohibited Transaction Class Exemption ("PTCE") 95-60), and the purchase is being made in reliance upon the availability of the exemptive relief afforded under Sections I and III of PTCE 95-60.

In addition, the Purchaser hereby certifies, represents and warrants to, and covenants with, the Company, the Trustee and the Master Servicer that the Purchaser will not transfer such Certificates to any Plan or person unless such Plan or person meets the requirements set forth in either 6(a) or (b) above.

Very truly yours,

_____

By:_____
Name:_____
Title:_____

EXHIBIT I

FORM OF TRANSFEROR REPRESENTATION LETTER

_____, 20_

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Suite 250
Minneapolis, MN 55437

_____
_____
_____

Attention: Residential Funding Corporation Series ____-___

Re: Mortgage Asset-Backed Pass-Through Certificates,
Series ____-___, [Class B-]_____

Ladies and Gentlemen:

In connection with the sale by _____(the "Seller") to _____ (the "Purchaser") of $_____ Initial Certificate Principal Balance of Mortgage Asset-Backed Pass-Through Certificates, Series ____-___, Class _ (the "Certificates"), issued pursuant to the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), dated as of _____ 1, ____ among Residential Accredit Loans, Inc., as seller (the "Company"), Residential Funding Corporation, as master servicer, and _____, as trustee (the "Trustee"). The Seller hereby certifies, represents and warrants to, and covenants with, the Company and the Trustee that:

Neither the Seller nor anyone acting on its behalf has (a) offered, pledged, sold, disposed of or otherwise transferred any Certificate, any interest in any Certificate or any other similar security to any person in any manner, (b) has solicited any offer to buy or to accept a pledge, disposition or other transfer of any Certificate, any interest in any Certificate or any other similar security from any person in any manner, (c) has otherwise approached or negotiated with respect to any Certificate, any interest in any Certificate or any other similar security with any person in any manner, (d) has made any general solicitation by means of general advertising or in any other manner, or (e) has taken any other action, that (as to any of (a) through (e) above) would constitute a distribution of the Certificates under the Securities Act of 1933 (the "Act"), that would render the disposition of any Certificate a violation of Section 5 of the Act or any state securities law, or that would require registration or qualification pursuant thereto. The Seller will not act, in any manner set forth in the foregoing sentence with respect to any Certificate. The Seller has not and will not sell or otherwise transfer any of the Certificates, except in compliance with the provisions of the Pooling and Servicing Agreement.

Very truly yours,

_____
(Seller)

By:_____
Name:_____
Title:_____

EXHIBIT J

[FORM OF RULE 144A INVESTMENT REPRESENTATION]

Description of Rule 144A Securities, including numbers:

_____

_____

_____

_____

The undersigned seller, as registered holder (the "Seller"), intends to transfer the Rule 144A Securities described above to the undersigned buyer (the "Buyer").

1. In connection with such transfer and in accordance with the agreements pursuant to which the Rule 144A Securities were issued, the Seller hereby certifies the following facts: Neither the Seller nor anyone acting on its behalf has offered, transferred, pledged, sold or otherwise disposed of the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security to, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security from, or otherwise approached or negotiated with respect to the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security with, any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, that would constitute a distribution of the Rule 144A Securities under the Securities Act of 1933, as amended (the "1933 Act"), or that would render the disposition of the Rule 144A Securities a violation of Section 5 of the 1933 Act or require registration pursuant thereto, and that the Seller has not offered the Rule 144A Securities to any person other than the Buyer or another "qualified institutional buyer" as defined in Rule 144A under the 1933 Act.

2. The Buyer warrants and represents to, and covenants with, the Seller, the Trustee and the Master Servicer (as defined in the Pooling and Servicing Agreement (the "Agreement"), dated as of _____ 1, ____ among Residential Funding Corporation as Master Servicer, Residential Accredit Loans, Inc. as depositor pursuant to Section 5.02 of the Agreement and _____, as trustee, as follows:

(a) The Buyer understands that the Rule 144A Securities have not been registered under the 1933 Act or the securities laws of any state.

(b) The Buyer considers itself a substantial, sophisticated institutional investor having such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Rule 144A Securities.

(c) The Buyer has been furnished with all information regarding the Rule 144A Securities that it has requested from the Seller, the Trustee or the Servicer.

(d) Neither the Buyer nor anyone acting on its behalf has offered, transferred, pledged, sold or otherwise disposed of the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security to, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security from, or otherwise approached or negotiated with respect to the Rule 144A Securities, any interest in the Rule 144A Securities or any other similar security with, any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, that would constitute a distribution of the Rule 144A Securities under the 1933 Act or that would render the disposition of the Rule 144A Securities a violation of Section 5 of the 1933 Act or require registration pursuant thereto, nor will it act, nor has it authorized or will it authorize any person to act, in such manner with respect to the Rule 144A Securities.

(e) The Buyer is a "qualified institutional buyer" as that term is defined in Rule 144A under the 1933 Act and has completed either of the forms of certification to that effect attached hereto as Annex 1 or Annex 2. The Buyer is aware that the sale to it is being made in reliance on Rule 144A. The Buyer is acquiring the Rule 144A Securities for its own account or the accounts of other qualified institutional buyers, understands that such Rule 144A Securities may be resold, pledged or transferred only (i) to a person reasonably believed to be a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, or (ii) pursuant to another exemption from registration under the 1933 Act.

[3. The Buyer

[(a) is not an employee benefit or other plan subject to the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (a "Plan"), or any other person (including an investment manager, a named fiduciary or a trustee of any Plan) acting, directly or indirectly, on behalf of or purchasing any Certificate with "plan assets" of any Plan within the meaning of the Department of Labor ("DOL") regulation at 29 C.F.R. § 2510.3-101][1]; or

(b) is an insurance company, the source of funds to be used by it to purchase the Certificates is an "insurance company general account" (within the meaning of DOL Prohibited Transaction Class Exemption ("PTCE") 95-60), and the purchase is being made in reliance upon the availability of the exemptive relief afforded under Sections I and III of PTCE 95-60.][2]

[1] Only paragraph (a) for Class P Certificates.
[2] Class B Certificateholders may represent to either (a) or (b).

4. This document may be executed in one or more counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one and the same document.

IN WITNESS WHEREOF, each of the parties has executed this document as of the date set forth below.

Print Name of Seller	Print Name of Buyer
By:_____ Name: Title:	By:_____ Name: Title:
Taxpayer Identification	Taxpayer Identification:
No._____	No:_____
Date:_____	Date:_____

ANNEX 1 TO EXHIBIT J

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Buyers Other Than Registered Investment Companies]

The undersigned hereby certifies as follows in connection with the Rule 144A Investment Representation to which this Certification is attached:

1. As indicated below, the undersigned is the President, Chief Financial Officer, Senior Vice President or other executive officer of the Buyer.

2. In connection with purchases by the Buyer, the Buyer is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933 ("Rule 144A") because (i) the Buyer owned and/or invested on a discretionary basis $_____ in securities (except for the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A) and (ii) the Buyer satisfies the criteria in the category marked below.

— Corporation, etc. The Buyer is a corporation (other than a bank, savings and loan association or similar institution), Massachusetts or similar business trust, partnership, or charitable organization described in Section 501(c)(3) of the Internal Revenue Code.

— Bank. The Buyer (a) is a national bank or banking institution organized under the laws of any State, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or is a foreign bank or equivalent institution, and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements, a copy of which is attached hereto.

— Savings and Loan. The Buyer (a) is a savings and loan association, building and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined by a State or Federal authority having supervision over any such institutions or is a foreign savings and loan association or equivalent institution and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements.

— Broker-Dealer. The Buyer is a dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

— Insurance Company. The Buyer is an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a State or territory or the District of Columbia.

— State or Local Plan. The Buyer is a plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees.

— ERISA Plan. The Buyer is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974.

— Investment Adviser. The Buyer is an investment adviser registered under the Investment Advisers Act of 1940.

— SBIC. The Buyer is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

— Business Development Company. The Buyer is a business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

— Trust Fund. The Buyer is a trust fund whose trustee is a bank or trust company and whose participants are exclusively (a) plans established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees, or (b) employee benefit plans within the meaning of Title I of the Employee Retirement Income Security Act of 1974, but is not a trust fund that includes as participants individual retirement accounts or H.R. 10 plans.

3. The term "securities" as used herein does not include (i) securities of issuers that are affiliated with the Buyer, (ii) securities that are part of an unsold allotment to or subscription by the Buyer, if the Buyer is a dealer, (iii) bank deposit notes and certificates of deposit, (iv) loan participations, (v) repurchase agreements, (vi) securities owned but subject to a repurchase agreement and (vii) currency, interest rate and commodity swaps.

4. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Buyer, the Buyer used the cost of such securities to the Buyer and did not include any of the securities referred to in the preceding paragraph. Further, in determining such aggregate amount, the Buyer may have included securities owned by subsidiaries of the Buyer, but only if such subsidiaries are consolidated with the Buyer in its financial statements prepared in accordance with generally accepted accounting principles and if the investments of such subsidiaries are managed under the Buyer's direction. However, such securities were not included if the Buyer is a majority-owned, consolidated subsidiary of another enterprise and the Buyer is not itself a reporting company under the Securities Exchange Act of 1934.

5. The Buyer acknowledges that it is familiar with Rule 144A and understands that the seller to it and other parties related to the Certificates are relying and will continue to rely on the statements made herein because one or more sales to the Buyer may be in reliance on Rule 144A.

_____	_____	Will the Buyer be purchasing the Rule 144A
Yes	No	Securities only for the Buyer's own account?

6. If the answer to the foregoing question is "no", the Buyer agrees that, in connection with any purchase of securities sold to the Buyer for the account of a third party (including any separate account) in reliance on Rule 144A, the Buyer will only purchase for the account of a third party that at the time is a "qualified institutional buyer" within the meaning of Rule 144A. In addition, the Buyer agrees that the Buyer will not purchase securities for a third party unless the Buyer has obtained a current representation letter from such third party or taken other appropriate steps contemplated by Rule 144A to conclude that such third party independently meets the definition of "qualified institutional buyer" set forth in Rule 144A.

7. The Buyer will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice is given, the Buyer's purchase of Rule 144A Securities will constitute a reaffirmation of this certification as of the date of such purchase.

_____
Print Name of Buyer

By: _____
Name:
Title:

Date: _____

ANNEX 2 TO EXHIBIT J

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Buyers That Are Registered Investment Companies]

The undersigned hereby certifies as follows in connection with the Rule 144A Investment Representation to which this Certification is attached:

8. As indicated below, the undersigned is the President, Chief Financial Officer or Senior Vice President of the Buyer or, if the Buyer is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933 ("Rule 144A") because Buyer is part of a Family of Investment Companies (as defined below), is such an officer of the Adviser.

9. In connection with purchases by Buyer, the Buyer is a "qualified institutional buyer" as defined in SEC Rule 144A because (i) the Buyer is an investment company registered under the Investment Company Act of 1940, and (ii) as marked below, the Buyer alone, or the Buyer's Family of Investment Companies, owned at least $100,000,000 in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year. For purposes of determining the amount of securities owned by the Buyer or the Buyer's Family of Investment Companies, the cost of such securities was used.

— The Buyer owned $_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

— The Buyer is part of a Family of Investment Companies which owned in the aggregate $_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

10. The term "Family of Investment Companies" as used herein means two or more registered investment companies (or series thereof) that have the same investment adviser or investment advisers that are affiliated (by virtue of being majority owned subsidiaries of the same parent or because one investment adviser is a majority owned subsidiary of the other).

11. The term "securities" as used herein does not include (i) securities of issuers that are affiliated with the Buyer or are part of the Buyer's Family of Investment Companies, (ii) bank deposit notes and certificates of deposit, (iii) loan participations, (iv) repurchase agreements, (v) securities owned but subject to a repurchase agreement and (vi) currency, interest rate and commodity swaps.

12. The Buyer is familiar with Rule 144A and understands that each of the parties to which this certification is made are relying and will continue to rely on the statements made herein because one or more sales to the Buyer will be in reliance on Rule 144A. In addition, the Buyer will only purchase for the Buyer's own account.

13. The undersigned will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice, the Buyer's purchase of Rule 144A Securities will constitute a reaffirmation of this certification by the undersigned as of the date of such purchase.

_____
Print Name of Buyer

By: _____
Name:_____
Title:_____

IF AN ADVISER:

_____
Print Name of Buyer

Date:_____

EXHIBIT K

[TEXT OF AMENDMENT TO POOLING AND SERVICING AGREEMENT PURSUANT TO SECTION 11.01(E) FOR A LIMITED GUARANTY]

ARTICLE XIII

Subordinate Certificate Loss Coverage; Limited Guaranty

Section 13.01. Subordinate Certificate Loss Coverage; Limited Guaranty. (a) Subject to subsection (c) below, prior to the later of the third Business Day prior to each Distribution Date or the related Determination Date, the Master Servicer shall determine whether it or any Sub-Servicer will be entitled to any reimbursement pursuant to Section 4.02(a) on such Distribution Date for Advances or Sub-Servicer Advances previously made, (which will not be Advances or Sub-Servicer Advances that were made with respect to delinquencies which were subsequently determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses) and, if so, the Master Servicer shall demand payment from Residential Funding of an amount equal to the amount of any Advances or Sub-Servicer Advances reimbursed pursuant to Section 4.02(a), to the extent such Advances or Sub-Servicer Advances have not been included in the amount of the Realized Loss in the related Mortgage Loan, and shall distribute the same to the Class B Certificateholders in the same manner as if such amount were to be distributed pursuant to Section 4.02(a).

(b) Subject to subsection (c) below, prior to the later of the third Business Day prior to each Distribution Date or the related Determination Date, the Master Servicer shall determine whether any Realized Losses (other than Excess Special Hazard Losses, Excess Bankruptcy Losses, Excess Fraud Losses and Extraordinary Losses) will be allocated to the Class B Certificates on such Distribution Date pursuant to Section 4.05, and, if so, the Master Servicer shall demand payment from Residential Funding of the amount of such Realized Loss and shall distribute the same to the Class B Certificateholders in the same manner as if such amount were to be distributed pursuant to Section 4.02(a); provided, however, that the amount of such demand in respect of any Distribution Date shall in no event be greater than the sum of (i) the additional amount of Accrued Certificate Interest that would have been paid for the Class B Certificateholders on such Distribution Date had such Realized Loss or Losses not occurred plus (ii) the amount of the reduction in the Certificate Principal Balances of the Class B Certificates on such Distribution Date due to such Realized Loss or Losses. Notwithstanding such payment, such Realized Losses shall be deemed to have been borne by the Certificateholders for purposes of Section 4.05. Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses allocated to the Class B Certificates will not be covered by the Subordinate Certificate Loss Obligation.

(c) Demands for payments pursuant to this Section shall be made prior to the later of the third Business Day prior to each Distribution Date or the related Determination Date by the Master Servicer with written notice thereof to the Trustee. The maximum amount that Residential Funding shall be required to pay pursuant to this Section on any Distribution Date

(the "Amount Available") shall be equal to the lesser of (X) _____ minus the sum of (i) all previous payments made under subsections (a) and (b) hereof and (ii) all draws under the Limited Guaranty made in lieu of such payments as described below in subsection (d) and (Y) the then outstanding Certificate Principal Balances of the Class B Certificates, or such lower amount as may be established pursuant to Section 13.02. Residential Funding's obligations as described in this Section are referred to herein as the "Subordinate Certificate Loss Obligation."

(d) The Trustee will promptly notify General Motors Acceptance Corporation of any failure of Residential Funding to make any payments hereunder and shall demand payment pursuant to the limited guaranty (the "Limited Guaranty"), executed by General Motors Acceptance Corporation, of Residential Funding's obligation to make payments pursuant to this Section, in an amount equal to the lesser of (i) the Amount Available and (ii) such required payments, by delivering to General Motors Acceptance Corporation a written demand for payment by wire transfer, not later than the second Business Day prior to the Distribution Date for such month, with a copy to the Master Servicer.

(e) All payments made by Residential Funding pursuant to this Section or amounts paid under the Limited Guaranty shall be deposited directly in the Certificate Account, for distribution on the Distribution Date for such month to the Class B Certificateholders.

(f) The Company shall have the option, in its sole discretion, to substitute for either or both of the Limited Guaranty or the Subordinate Certificate Loss Obligation another instrument in the form of a corporate guaranty, an irrevocable letter of credit, a surety bond, insurance policy or similar instrument or a reserve fund; provided that (i) the Company obtains (subject to the provisions of Section 10.01(f) as if the Company was substituted for the Master Servicer solely for the purposes of such provision) an Opinion of Counsel (which need not be an opinion of Independent counsel) to the effect that obtaining such substitute corporate guaranty, irrevocable letter of credit, surety bond, insurance policy or similar instrument or reserve fund will not cause either (a) any federal tax to be imposed on the Trust Fund, including without limitation, any federal tax imposed on "prohibited transactions" under Section 860(F)(a)(1) of the Code or on "contributions after the startup date" under Section 860(G)(d)(1) of the Code or (b) the Trust Fund to fail to qualify as a REMIC at any time that any Certificate is outstanding, and (ii) no such substitution shall be made unless (A) the substitute Limited Guaranty or Subordinate Certificate Loss Obligation is for an initial amount not less than the then current Amount Available and contains provisions that are in all material respects equivalent to the original Limited Guaranty or Subordinate Certificate Loss Obligation (including that no portion of the fees, reimbursements or other obligations under any such instrument will be borne by the Trust Fund), (B) the long term debt obligations of any obligor of any substitute Limited Guaranty or Subordinate Certificate Loss Obligation (if not supported by the Limited Guaranty) shall be rated at least the lesser of (a) the rating of the long term debt obligations of General Motors Acceptance Corporation as of the date of issuance of the Limited Guaranty and (b) the rating of the long term debt obligations of General Motors Acceptance Corporation at the date of such substitution and (C) the Company obtains written confirmation from each nationally recognized credit rating agency that rated the Class B Certificates at the request of the Company that such substitution shall not lower the rating on the Class B Certificates below the lesser of (a) the then-current rating assigned to the Class B Certificates by such rating agency and (b) the original rating assigned to the Class B Certificates by such rating agency. Any replacement of the

Limited Guaranty or Subordinate Certificate Loss Obligation pursuant to this Section shall be accompanied by a written Opinion of Counsel to the substitute guarantor or obligor, addressed to the Master Servicer and the Trustee, that such substitute instrument constitutes a legal, valid and binding obligation of the substitute guarantor or obligor, enforceable in accordance with its terms, and concerning such other matters as the Master Servicer and the Trustee shall reasonably request. Neither the Company, the Master Servicer nor the Trustee shall be obligated to substitute for or replace the Limited Guaranty or Subordinate Certificate Loss Obligation under any circumstance.

Section 13.02. Amendments Relating to the Limited Guaranty. Notwithstanding Sections 11.01 or 13.01: (i) the provisions of this Article XIII may be amended, superseded or deleted, (ii) the Limited Guaranty or Subordinate Certificate Loss Obligation may be amended, reduced or canceled, and (iii) any other provision of this Agreement which is related or incidental to the matters described in this Article XIII may be amended in any manner; in each case by written instrument executed or consented to by the Company and Residential Funding but without the consent of any Certificateholder and without the consent of the Master Servicer or the Trustee being required unless any such amendment would impose any additional obligation on, or otherwise adversely affect the interests of, the Master Servicer or the Trustee, as applicable; provided that the Company shall also obtain a letter from each nationally recognized credit rating agency that rated the Class B Certificates at the request of the Company to the effect that such amendment, reduction, deletion or cancellation will not lower the rating on the Class B Certificates below the lesser of (a) the then-current rating assigned to the Class B Certificates by such rating agency and (b) the original rating assigned to the Class B Certificates by such rating agency, unless (A) the Holder of 100% of the Class B Certificates is Residential Funding or an Affiliate of Residential Funding, or (B) such amendment, reduction, deletion or cancellation is made in accordance with Section 11.01(e) and, provided further that the Company obtains (subject to the provisions of Section 10.01(f) as if the Company was substituted for the Master Servicer solely for the purposes of such provision), in the case of a material amendment or supercession (but not a reduction, cancellation or deletion of the Limited Guaranty or the Subordinate Certificate Loss Obligation), an Opinion of Counsel (which need not be an opinion of Independent counsel) to the effect that any such amendment or supercession will not cause either (a) any federal tax to be imposed on the Trust Fund, including without limitation, any federal tax imposed on "prohibited transactions" under Section 860F(a)(1) of the Code or on "contributions after the startup date" under Section 860G(d)(1) of the Code or (b) the Trust Fund to fail to qualify as a REMIC at any time that any Certificate is outstanding. A copy of any such instrument shall be provided to the Trustee and the Master Servicer together with an Opinion of Counsel that such amendment complies with this Section 13.02.

EXHIBIT L

[FORM OF LIMITED GUARANTY]

LIMITED GUARANTY

RESIDENTIAL ACCREDIT LOANS, INC.

Mortgage Asset-Backed Pass-Through Certificates
Series ____-___

_____, 200__

_____
_____
_____

Attention: Residential Funding Corporation Series ____-___

Ladies and Gentlemen:

WHEREAS, Residential Funding Corporation, a Delaware corporation ("Residential Funding"), an indirect wholly-owned subsidiary of General Motors Acceptance Corporation, a New York corporation ("GMAC"), plans to incur certain obligations as described under Section 13.01 of the Pooling and Servicing Agreement dated as of _____ 1, ____ (the "Servicing Agreement"), among Residential Accredit Loans, Inc. (the "Company"), Residential Funding and _____ (the "Trustee") as amended by Amendment No. ___ thereto, dated as of _____, with respect to the Mortgage Asset-Backed Pass-Through Certificates, Series ____-___ (the "Certificates"); and

WHEREAS, pursuant to Section 13.01 of the Servicing Agreement, Residential Funding agrees to make payments to the Holders of the Class B Certificates with respect to certain losses on the Mortgage Loans as described in the Servicing Agreement; and

WHEREAS, GMAC desires to provide certain assurances with respect to the ability of Residential Funding to secure sufficient funds and faithfully to perform its Subordinate Certificate Loss Obligation;

NOW THEREFORE, in consideration of the premises herein contained and certain other good and valuable consideration, the receipt of which is hereby acknowledged, GMAC agrees as follows:

1. Provision of Funds. (a) GMAC agrees to contribute and deposit in the Certificate Account on behalf of Residential Funding (or otherwise provide to Residential Funding, or to cause to be made available to Residential Funding), either directly or through a subsidiary, in any case prior to the related Distribution Date, such moneys as may be required by

Residential Funding to perform its Subordinate Certificate Loss Obligation when and as the same arises from time to time upon the demand of the Trustee in accordance with Section 13.01 of the Servicing Agreement.

(b) The agreement set forth in the preceding clause (a) shall be absolute, irrevocable and unconditional and shall not be affected by the transfer by GMAC or any other person of all or any part of its or their interest in Residential Funding, by any insolvency, bankruptcy, dissolution or other proceeding affecting Residential Funding or any other person, by any defense or right of counterclaim, set-off or recoupment that GMAC may have against Residential Funding or any other person or by any other fact or circumstance. Notwithstanding the foregoing, GMAC's obligations under clause (a) shall terminate upon the earlier of (x) substitution for this Limited Guaranty pursuant to Section 13.01(f) of the Servicing Agreement, or (y) the termination of the Trust Fund pursuant to the Servicing Agreement.

2. Waiver. GMAC hereby waives any failure or delay on the part of Residential Funding, the Trustee or any other person in asserting or enforcing any rights or in making any claims or demands hereunder. Any defective or partial exercise of any such rights shall not preclude any other or further exercise of that or any other such right. GMAC further waives demand, presentment, notice of default, protest, notice of acceptance and any other notices with respect to this Limited Guaranty, including, without limitation, those of action or nonaction on the part of Residential Funding or the Trustee.

3. Modification, Amendment and Termination. This Limited Guaranty may be modified, amended or terminated only by the written agreement of GMAC and the Trustee and only if such modification, amendment or termination is permitted under Section 13.02 of the Servicing Agreement. The obligations of GMAC under this Limited Guaranty shall continue and remain in effect so long as the Servicing Agreement is not modified or amended in any way that might affect the obligations of GMAC under this Limited Guaranty without the prior written consent of GMAC.

4. Successor. Except as otherwise expressly provided herein, the guarantee herein set forth shall be binding upon GMAC and its respective successors.

5. Governing Law. This Limited Guaranty shall be governed by the laws of the State of New York.

6. Authorization and Reliance. GMAC understands that a copy of this Limited Guaranty shall be delivered to the Trustee in connection with the execution of Amendment No. 1 to the Servicing Agreement and GMAC hereby authorizes the Company and the Trustee to rely on the covenants and agreements set forth herein.

7. Definitions. Capitalized terms used but not otherwise defined herein shall have the meaning given them in the Servicing Agreement.

8. Counterparts. This Limited Guaranty may be executed in any number of counterparts, each of which shall be deemed to be an original and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, GMAC has caused this Limited Guaranty to be executed and delivered by its respective officers thereunto duly authorized as of the day and year first above written.

GENERAL MOTORS ACCEPTANCE CORPORATION

By:_____
Name:_____
Title:_____

Acknowledged by:

_____,
as Trustee

By:_____
Name:_____
Title:_____

RESIDENTIAL ACCREDIT LOANS, INC.

By:_____
Name:_____
Title:_____

EXHIBIT M

FORM OF LENDER CERTIFICATION FOR ASSIGNMENT OF MORTGAGE LOAN

_____, 20____

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Suite 250
Minneapolis, Minnesota 55437

_____
_____
_____

Attention: Residential Funding Corporation Series ____-___

Re: Mortgage Asset-Backed Pass-Through Certificates,
Series ____ - ___ Assignment of Mortgage Loan ___

Ladies and Gentlemen:

This letter is delivered to you in connection with the assignment by _____ (the "Trustee") to _____ (the "Lender") of _____ (the "Mortgage Loan") pursuant to Section 3.13(d) of the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), dated as of _____ 1, ____ among Residential Accredit Loans, Inc., as seller (the "Company"), Residential Funding Corporation, as Master Servicer, and the Trustee. All terms used herein and not otherwise defined shall have the meanings set forth in the Pooling and Servicing Agreement. The Lender hereby certifies, represents and warrants to, and covenants with, the Master Servicer and the Trustee that:

(i) the Mortgage Loan is secured by Mortgaged Property located in a jurisdiction in which an assignment in lieu of satisfaction is required to preserve lien priority, minimize or avoid mortgage recording taxes or otherwise comply with, or facilitate a refinancing under, the laws of such jurisdiction;

(ii) the substance of the assignment is, and is intended to be, a refinancing of such Mortgage Loan and the form of the transaction is solely to comply with, or facilitate the transaction under, such local laws;

(iii) the Mortgage Loan following the proposed assignment will be modified to have a rate of interest at least 0.25 percent below or above the rate of interest on such Mortgage Loan prior to such proposed assignment; and

(iv) such assignment is at the request of the borrower under the related Mortgage Loan.

Very truly yours,

_____
(Lender)

By:_____
Name:_____
Title:_____

EXHIBIT N

FORM OF REQUEST FOR EXCHANGE

[DATE]

_____
_____
_____

Re: Residential Accredit Loans, Inc.,
Mortgage Asset-Backed Pass-Through Certificates,
Series ____-_____

Residential Funding Corporation, as the Holder of a ___% Percentage Interest of the [Interest Only/Class A-V][-1] Certificates, hereby requests the Trustee to exchange the above-referenced Certificates for the Subclasses referred to below:

1. [Interest Only/Class A-V]-_ Certificates, corresponding to the following Uncertificated REMIC Regular Interests: [List numbers corresponding to the related loans and Pool Strip Rates from the Mortgage Loan Schedule]. The initial Subclass Notional Amount and the Initial Pass-Through Rate on the [Interest Only/Class A-V]-_ Certificates will be $_____ and ____%, respectively.

2. [Repeat as appropriate.]

The Subclasses requested above will represent in the aggregate all of the Uncertificated REMIC Regular Interests represented by the [Interest Only/Class A-V][-1] Certificates surrendered for exchange.

All capitalized terms used but not defined herein shall have the meanings set forth in the Pooling and Servicing Agreement, dated as of _____ 1, ____, among Residential Accredit Loans, Inc., Residential Funding Corporation and _____, as trustee.

RESIDENTIAL FUNDING CORPORATION

By:_____
Name:
Title:

EXHIBIT O

Form of Form 10-K Certification

I, [identify the certifying individual], certify that:

1. I have reviewed this report on Form 10-K and all reports on Form 10-D required to be filed in respect of the period covered by this report on Form 10-K of the trust (the "Exchange Act periodic reports") created pursuant to the Series Supplement dated _____ to the Standard Terms of Pooling and Servicing Agreement dated _____ (together, the "P&S Agreement") among Residential Accredit Loans, Inc., Residential Funding Corporation (the "Master Servicer") and [Name of Trustee] (the "Trustee");

2. Based on my knowledge, the Exchange Act periodic reports, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, all of the distribution, servicing and other information required to be provided under Form 10-D for the period covered by this report is included in the Exchange Act periodic reports;

4. I am responsible for reviewing the activities performed by the Master Servicer and based on my knowledge and the compliance review conducted in preparing the servicer compliance statement required in this report under Item 1123 of Regulation AB, and except a disclosed in the Exchange Act periodic reports, the Master Servicer has fulfilled its obligations under the P&S Agreement; and

5. All of the reports on assessment of compliance with servicing criteria for asset-backed securities and their related attestation reports on assessment of compliance with servicing criteria for asset-backed securities required to be included in this report in accordance with Item 1122 of Regulation AB and Exchange Act Rules 13a-18 and 15d-18 have been included as an exhibit to this report, except as otherwise disclosed in this report. Any material instances of noncompliance described in such reports have been disclosed in this report on Form 10-K.

In giving the certifications above, I have reasonably relied on the information provided to me by the following unaffiliated parties: [the Trustee].

Date:_____

_____*
[Signature]
[Title:]

* to be signed by the senior officer in charge of the servicing functions of the Master Servicer

EXHIBIT P

[FORM OF BACK-UP CERTIFICATION TO FORM 10-K CERTIFICATE]

The undersigned, a Responsible Officer of [_____] (the "Trustee") certifies that:

(a) The Trustee has performed all of the duties specifically required to be performed by it pursuant to the provisions of the Pooling and Servicing Agreement dated as of [_____], 20[__] (the "Agreement") by and among [_____], as depositor, Residential Funding Corporation, as Master Servicer, and the Trustee in accordance with the standards set forth therein.

(b) Based on my knowledge, the list of Certificateholders as shown on the Certificate Register as of the end of each calendar year that is provided by the Trustee pursuant to the Agreement is accurate as of the last day of the 20[__] calendar year.

Capitalized terms used and not defined herein shall have the meanings given such terms in the Agreement.

IN WITNESS WHEREOF, I have duly executed this certificate as of _____, 20__.]

Name:
Title:

EXHIBIT Q

INFORMATION TO BE PROVIDED BY THE MASTER SERVICER TO THE RATING AGENCIES RELATING TO REPORTABLE MODIFIED MORTGAGE LOANS

Account number

Transaction Identifier
Unpaid Principal Balance prior to Modification
Next Due Date
Monthly Principal and Interest Payment
Total Servicing Advances
Current Interest Rate
Original Maturity Date
Original Term to Maturity (Months)
Remaining Term to Maturity (Months)
Trial Modification Indicator
Mortgagor Equity Contribution
Total Servicer Advances
Trial Modification Term (Months)
Trial Modification Start Date
Trial Modification End Date
Trial Modification Period Principal and Interest Payment
Trial Modification Interest Rate
Trial Modification Term
Rate Reduction Indicator
Interest Rate Post Modification
Rate Reduction Start Date
Rate Reduction End Date
Rate Reduction Term

Term Modified Indicator
Modified Amortization Period
Modified Final Maturity Date
Total Advances Written Off
Unpaid Principal Balance Written Off
Other Past Due Amounts Written Off
Write Off Date
Unpaid Principal Balance Post Write Off
Capitalization Indicator
Mortgagor Contribution
Total Capitalized Amount
Modification Close Date
Unpaid Principal Balance Post Capitalization Modification
Next Payment Due Date per Modification Plan
Principal and Interest Payment Post Modification

Interest Rate Post Modification
Payment Made Post Capitalization
Delinquency Status to Modification Plan

EXHIBIT R

SERVICING CRITERIA TO BE ADDRESSED IN ASSESSMENT OF COMPLIANCE

The assessment of compliance to be delivered by the Trustee shall address, at a minimum, the criteria identified as below as "Applicable Servicing Criteria":

Servicing Criteria		*Applicable Servicing Criteria*
Reference	**Criteria**	
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	✓ (as to accounts held by Trustee)
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	✓ (as to investors only)
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	✓ (as to accounts held by Trustee)
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	

Servicing Criteria		*Applicable Servicing Criteria*
Reference	**Criteria**	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the Commission, are maintained in accordance with the transaction agreements and applicable Commission requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the Commission as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	✓
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	✓
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	✓
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related asset pool documents.	
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool asset (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool asset, or such other number of days specified in the transaction agreements.	

Servicing Criteria		*Applicable Servicing Criteria*
Reference	**Criteria**	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	✓

EXHIBIT TWO

INFORMATION TO BE INCLUDED IN MONTHLY DISTRIBUTION DATE STATEMENT

(i) the applicable Record Date, Determination Date and Distribution Date, and the date on which the applicable interest accrual period commenced;

(ii) the aggregate amount of payments received with respect to the Mortgage Loans, including prepayment amounts;

(iii) the Servicing Fee and Subservicing Fee payable to the Master Servicer and the Subservicer;

(iv) the amount of any other fees or expenses paid, and the identity of the party receiving such fees or expenses;

(v) (a) the amount of such distribution to the Certificateholders of such Class applied to reduce the Certificate Principal Balance thereof, and (b) the aggregate amount included therein representing Principal Prepayments;

(vi) the amount of such distribution to Holders of such Class of Certificates allocable to interest;

(vii) if the distribution to the Holders of such Class of Certificates is less than the full amount that would be distributable to such Holders if there were sufficient funds available therefor, the amount of the shortfall;

(viii) the aggregate Certificate Principal Balance of each Class of Certificates, before and after giving effect to the amounts distributed on such Distribution Date, separately identifying any reduction thereof due to Realized Losses other than pursuant to an actual distribution of principal;

(ix) the aggregate Certificate Principal Balance of each of the Class A, Class M and Class SB Certificates as of the Closing Date.

(x) the weighted average remaining term to maturity of the Mortgage Loans after giving effect to the amounts distributed on such Distribution Date;

(xi) the weighted average Mortgage Rates of the Mortgage Loans after giving effect to the amounts distributed on such Distribution Date;

(xii) the number and Pool Stated Principal Balance of the Mortgage Loans after giving effect to the distribution of principal on such Distribution Date and the number of Mortgage Loans at the beginning and end of the related Due Period;

(xiii) on the basis of the most recent reports furnished to it by Sub-Servicers, the number and Stated Principal Balances of Mortgage Loans that are Delinquent (A) 30-59 days, (B) 60-89 days and (C) 90 or more days and the number and Stated Principal Balances of Mortgage Loans that are in foreclosure;

(xiv) the aggregate amount of Realized Losses for such Distribution Date;

(xv) the amount, terms and general purpose of any Advance by the Master Servicer pursuant to Section 4.04 and the amount of all Advances that have been reimbursed during the related Due Period;

(xvi) any material modifications, extensions or waivers to the terms of the Mortgage Loans during the Due Period or that have cumulatively become material over time;

(xvii) any material breaches of Mortgage Loan representations or warranties or covenants in the Agreement.

(xviii) the number, stated and aggregate principal balance of any REO Properties;

(xix) the aggregate Accrued Certificate Interest remaining unpaid, if any, for each Class of Certificates, after giving effect to the distribution made on such Distribution Date;

(xx) the Pass-Through Rates on each Class of Certificates and the Net WAC Cap Rate for such Distribution Date, separately identifying LIBOR for such Distribution Date;

(xxi) the Basis Risk Shortfall and Prepayment Interest Shortfalls;

(xxii) the related Senior Enhancement Percentage for such Distribution Date;

(xxiii) the Overcollateralization Amount and Required Overcollateralization Amount following such Distribution Date;

(xxiv) the occurrence of the Stepdown Date, and the aggregate amount of Realized Losses since the Cut-off Date for the Mortgage Loans;

(xxv) the occurrence of the Credit Support Depletion Date;

(xxvi) the aggregate amount of any recoveries on previously foreclosed loans from Sellers;

(xxvii) the aggregate amount of Net Deferred Interest for such Distribution Date;

(xxviii) the amount of any payment made from the Basis Risk Shortfall Reserve Fund on the initial Distribution Date and the balance of the Basis Risk Shortfall Reserve Fund after giving effect to such amounts.

In the case of information furnished pursuant to clauses (v)(a) and (vi) above, the amounts shall be expressed as a dollar amount per Certificate with a $1,000 denomination.

The Trustee's internet website will initially be located at www.tss.db.com/invr. To receive this statement via first class mail, telephone the trustee at (800) 735-7777.

EXHIBIT THREE

STANDARD TERMS OF POOLING AND SERVICING AGREEMENT DATED AS OF MARCH 1, 2006

BC6

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PSCRIPT Page Separator

OHS Draft 6/19/06

Date: June [ ], 2006

To: [Issuer] Securitization 2006-1, LLC

From: BB&T Debt Capital Markets – Structured Finance
1133 Avenue of the Americas, 27th Floor
New York, NY 10036
Telephone: (212) 686-1878
Facsimile: (646) 349-1302

SUBJECT: TOTAL RETURN TRANSACTION

The purpose of this communication is to set forth the terms and conditions of the swap transaction entered into on the Trade Date referred to below (the "Swap Transaction"), between [Issuer] Securitization 2006-1, LLC ("Party A") and BB&T Debt Capital Markets ("Party B"). This communication constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

This Confirmation supplements, forms part of, and is subject to, the 1992 ISDA Master Agreement, including the Schedule and Credit Support Annex thereto, each dated as of June [ ], 2006 as amended and supplemented from time to time, between Party A and Party B (the "Swap Agreement"). All provisions contained in, or incorporated by reference to, such Swap Agreement shall govern this Confirmation except as expressly modified below.

This Confirmation incorporates the definitions and provisions contained in the 2000 ISDA Definitions and for terms not defined therein, the 1992 ISDA U.S. Municipal Counterparty Definitions, each as published by the International Swaps and Derivatives Association, Inc. (the "Definitions"). In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

The terms of the particular Swap Transaction to which this communication relates are as follows:

Trade Date:	June [ ], 2006
Effective Date:	June [ ], 2006
Termination Date:	[ ]
Reference Obligation:	[Each **Defeasance Transaction** listed on Schedule A attached hereto]
Fixed Amounts:	
Fixed Amount Payer:	Party A
Fixed Payment Amount:	The absolute value of the difference, if negative, between (i) the Projected Return on Defeasance Account Cash

	Balance and (ii) the Return on Defeasance Account Cash Balance
Payment Date:	The [20th] calendar day of month, commencing on July 20, 2006 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Following Business Day Convention

Floating Amounts:

Floating Amount Payer:	Party B
Floating Payment Amount -	The positive difference, if any, between (i) the Projected Return on Defeasance Account Cash Balance and (ii) the Return on Cash Balance
Payment Date:	The [20th] calendar day of month, commencing on July 20, 2006 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Following Business Day Convention

Definitions

"Defeasance Account" shall have the meaning specified in the Payment Agreement.

"Defeasance Transaction" shall have the meaning specified in the Payment Agreement.

"Projected Return on Defeasance Account Cash Balance" shall mean the projected value of the Return on Defeasance Account Cash Balance as set forth in Schedule A attached hereto.

"Payment Agreement" shall mean the Payment Agreement dated as of June [_], 2006, between [Issuer] Securitization 2006-1, LLC and CDHC, LLC.

"Return on Defeasance Account Cash Balance" shall mean for any Calculation Period the return on investment of the aggregate cash balances of the Defeasance Accounts relating to the Defeasance Transactions.

Other

Calculation Agent:	Party B
Business Days:	New York
Business Day Convention:	Following (which shall apply to any date, other than the Effective Date and the Scheduled Termination Date, that falls on a day that is not a Business Day).

Governing Law:	New York, without reference to choice of law doctrine.
Account for Payment to Party A in USD :	[ ]
Account for Payment to Party B in USD :	[ ]

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to the Swap Transaction by signing in the space provided below and sending a copy of the executed Confirmation by telecopier (646) 349-1302 to BB&T Debt Capital Markets.

Yours sincerely,
BB&T DEBT CAPITAL MARKETS

By:_____
Name:
Title:

Agreed & Accepted by:
[ISSUER] SECURITIZATION 2006-1, LLC

By:_____
Name:
Title:

Exhibit 2

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Prospectus for Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates, dated Mar. 3, 2006

Prospectus

Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates

Residential Accredit Loans, Inc.

Depositor

Residential Funding Corporation

Sponsor

The depositor may periodically form separate trusts to issue certificates in series, secured by assets of that trust.

Offered Certificates

The certificates in a series will represent interests in a trust and will be paid *only* from the assets of that trust. The certificates will not represent interests in or obligations of Residential Accredit Loans, Inc., Residential Funding Corporation or any of their affiliates. Each series may include multiple classes of certificates with differing payment terms and priorities. Credit enhancement will be provided for all offered certificates.

Mortgage Collateral

Each trust will consist primarily of:

- mortgage loans or manufactured housing conditional sales contracts or installment loan agreements secured by first liens on one- to four-family residential properties; or
- mortgage securities and whole or partial participations in mortgage loans.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these certificates or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

March 3, 2006

Important notice about information presented in this prospectus and the accompanying prospectus supplement

We provide information to you about the certificates in two separate documents that provide progressively more detail:

- this prospectus, which provides general information, some of which may not apply to your series of certificates; and
- the accompanying prospectus supplement, which describes the specific terms of your series of certificates.

You should rely only on the information provided in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference. See "Additional Information," "Reports to Certificateholders" and "Incorporation of Certain Information by Reference" in this Prospectus. You can request information incorporated by reference from Residential Accredit Loans, Inc. by calling us at (952) 857-7000 or writing to us at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. We have not authorized anyone to provide you with different information. We are not offering the certificates in any state where the offer is not permitted.

Some capitalized terms used in this prospectus are defined in the Glossary attached to this prospectus.

Table of Contents

	Page
INTRODUCTION	4
THE TRUSTS	4
General	4
The Mortgage Loans	6
The Mortgaged Properties	11
Loan-to-Value Ratio	11
Underwriting Policies	12
The Contracts	16
The Agency Securities	17
Mortgage Collateral Sellers	18
Qualifications of Sellers	19
Representations with Respect to Mortgage Collateral	19
Repurchases of Mortgage Collateral	20
Limited Right of Substitution	21
DESCRIPTION OF THE CERTIFICATES	22
General	22
Form of Certificates	24
Assignment of Mortgage Loans	26
Assignment of the Contracts	27
Review of Mortgage Loan or Contract Documents	28
Assignment of Mortgage Securities	28
Spread	28
Payments on Mortgage Collateral	29
Withdrawals From the Custodial Account	31
Distributions	32
Example of Distributions	34
Advances	35
Prepayment Interest Shortfalls	36
Funding Account	36
Reports to Certificateholders	36
Servicing and Administration of Mortgage Collateral	38
Realization Upon Defaulted Mortgage Loans or Contracts	40
DESCRIPTION OF CREDIT ENHANCEMENT	42
General	42
Letters of Credit	43
Subordination	43
Overcollateralization	45
Mortgage Pool Insurance Policies	45
Special Hazard Insurance Policies	46
Mortgage Insurance Policies	47
Bankruptcy Bonds	47
Reserve Funds	47
Certificate Insurance Policies; Surety Bonds	48
Maintenance of Credit Enhancement	48
Reduction or Substitution of Credit Enhancement	49
OTHER FINANCIAL OBLIGATIONS RELATED TO THE CERTIFICATES	49
Swaps and Yield Supplement Agreements	49
Purchase Obligations	50
INSURANCE POLICIES ON MORTGAGE LOANS OR CONTRACTS	50
Primary Insurance Policies	50
Standard Hazard Insurance on Mortgaged Properties	52
Standard Hazard Insurance on Manufactured Homes	53
THE DEPOSITOR	53
RESIDENTIAL FUNDING CORPORATION	53
THE POOLING AND SERVICING AGREEMENT	53
Servicing Compensation and Payment of Expenses	54
Evidence as to Compliance	54
Certain Other Matters Regarding Servicing	55
Events of Default	55
Rights Upon Event of Default	56
Amendment	57
Termination; Retirement of Certificates	57
The Trustee	58
YIELD CONSIDERATIONS	59
MATURITY AND PREPAYMENT CONSIDERATIONS	61
CERTAIN LEGAL ASPECTS OF MORTGAGE LOANS AND CONTRACTS	64
The Mortgage Loans	64
The Contracts	73
Environmental Legislation	75
Servicemembers Civil Relief Act	76
Default Interest and Limitations on Prepayments	77
Forfeitures in Drug and RICO Proceedings	77
MATERIAL FEDERAL INCOME TAX CONSEQUENCES	78
General	78
Opinions	79
REMICs	79
STATE AND OTHER TAX CONSEQUENCES	95
ERISA CONSIDERATIONS	95
ERISA Plan Asset Regulations	95
Prohibited Transaction Exemptions	96
Insurance Company General Accounts	101
Representations From Investing ERISA Plans	101
Tax-Exempt Investors; REMIC Residual Certificates	102
Consultation With Counsel	102
LEGAL INVESTMENT MATTERS	102
USE OF PROCEEDS	104
METHODS OF DISTRIBUTION	104
LEGAL MATTERS	105
ADDITIONAL INFORMATION	105
INCORPORATION OF CERTAIN INFORMATION BY REFERENCE	105
GLOSSARY	107

INTRODUCTION

The pass-through certificates offered may be sold from time to time in series. Each series of certificates will represent in the aggregate the entire beneficial ownership interest, excluding any interest retained by the depositor or any other entity specified in the accompanying prospectus supplement, in a trust consisting primarily of a segregated pool of mortgage loans or manufactured housing conditional sales contracts and installment loan agreements, acquired by the depositor from one or more affiliated or unaffiliated institutions. Each series of certificates will be issued under a pooling and servicing agreement among the depositor, the trustee and master servicer or servicer as specified in the accompanying prospectus supplement, or a trust agreement between the depositor and trustee as specified in the accompanying prospectus supplement.

THE TRUSTS

General

The mortgage loans, contracts and other assets described in this prospectus under "The Trusts—The Mortgage Loans" and "—The Contracts" and in the accompanying prospectus supplement will be held in a trust for the benefit of the holders of the related series of certificates and any uncertificated interest, if any, as described in this section and in the accompanying prospectus supplement. These assets will be evidenced by promissory notes, or mortgage notes, that are secured by the following:

- mortgages;
- deeds of trust;
- manufactured housing conditional sales contracts and installment loan agreements;
- other similar security instruments creating a first lien on one- to four-family residential properties; or
- whole or partial participations in the mortgage loans or contracts, which may include mortgage pass-through certificates, known as mortgage securities, including Agency Securities, evidencing interests in mortgage loans or contracts.

As used in this prospectus, contracts may include:

- manufactured housing conditional sales contracts; and
- installment loan agreements.

Mortgage collateral may include:

- mortgage loans; and
- contracts.

As specified in the accompanying prospectus supplement, the mortgaged properties will primarily include any combination of the following:

- attached or detached one-family dwelling units;
- two- to four-family dwelling units;
- condominiums;
- units in condotels;
- townhouses;
- row houses;
- individual units in planned-unit developments;
- modular pre-cut/panelized housing;
- Cooperatives;
- manufactured homes; and
- the fee, leasehold or other interests in the underlying real property.

The mortgaged properties may be located in any of the fifty states, the District of Columbia or the Commonwealth of Puerto Rico and may include vacation, second and non-owner-occupied homes.

The prospectus supplement with respect to a series will describe the specific manner in which certificates of that series issued under a particular pooling and servicing agreement or trust agreement will evidence specified beneficial ownership interests in a separate trust created under that pooling and servicing agreement or trust agreement. A trust will consist of, to the extent provided in the related pooling and servicing agreement or trust agreement:

- mortgage loans or contracts and the related mortgage documents or interests in them, including any mortgage securities, underlying a particular series of certificates as from time to time are subject to the pooling and servicing agreement or trust agreement, exclusive of, if specified in the accompanying prospectus supplement, any interest retained by the depositor or any of its affiliates with respect to each mortgage loan;
- assets including all payments and collections derived from the mortgage loans, contracts or mortgage securities due after the related cut-off date, as from time to time are identified as deposited in the Custodial Account and in the related Certificate Account;
- property acquired by foreclosure of the mortgage loans or contracts or deed in lieu of foreclosure and portions of the related proceeds from the disposition of any related Additional Collateral or Pledged Assets;
- hazard insurance policies and primary insurance policies, if any, and portions of the related proceeds; and
- any combination, as and to the extent specified in the accompanying prospectus supplement, of a letter of credit, purchase obligation, mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, reserve fund, bankruptcy bond, certificate insurance policy, surety bond or other similar types of credit enhancement as described under “Description of Credit Enhancement.”

The accompanying prospectus supplement will describe the material terms and conditions of certificates of interest or participations in mortgage loans to the extent they are included in the related trust.

Each mortgage loan or contract will be selected by the depositor for inclusion in a mortgage pool from among those purchased by the depositor from any of the following sources:

- either directly or through its affiliates, including Residential Funding Corporation;
- sellers who are affiliates of the depositor including Homecomings Financial Network, Inc. and GMAC Mortgage Corporation; or
- savings banks, savings and loan associations, commercial banks, credit unions, insurance companies or similar institutions that are supervised and/or examined by a federal or state authority, lenders approved by the United States Department of Housing and Urban Development, known as HUD, mortgage bankers, investment banking firms, the Federal Deposit Insurance Corporation, known as the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor, all as described in the accompanying prospectus supplement.

The mortgage collateral sellers may include state or local government housing finance agencies. If a mortgage pool is composed of mortgage loans or contracts acquired by the depositor directly from sellers other than Residential Funding Corporation, the accompanying prospectus supplement will specify the extent of mortgage loans or contracts so acquired. The characteristics of the mortgage loans or contracts are as described in the accompanying prospectus supplement.

The mortgage loans or contracts may also be delivered to the depositor in a Designated Seller Transaction. A “Designated Seller Transaction” is a transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller, as more fully described in the prospectus supplement. Certificates issued in Designated Seller Transactions may be sold in whole or in part to any seller identified in the accompanying prospectus supplement in exchange for the related mortgage loans, or may be offered under any of the other methods described in this prospectus under “Methods of Distribution.” The accompanying prospectus supplement for a Designated Seller Transaction will include information, provided by the related seller about the seller, the mortgage loans and the underwriting standards applicable to the mortgage loans. All representations and warranties with respect to the mortgage loans sold in a Designated Seller Transaction will be made only by the applicable unaffiliated seller, referred to herein as the Designated Seller. The depositor will take reasonable steps

to ensure that the mortgage loans in a Designated Seller Transaction satisfy the eligibility criteria for securitization transactions registered on Form S-3 with the Securities and Exchange Commission. The depositor will limit Designated Seller Transactions to creditworthy unaffiliated sellers. In addition, the depositor will obtain from Designated Sellers representations and warranties regarding specific characteristics of the mortgage loans, together with an obligation to repurchase any mortgage loans that do not satisfy such representations and warranties. Furthermore, the depositor will obtain from the Designated Sellers the obligation to indemnify the depositor against any liabilities resulting from a breach of such representations and warranties.

If specified in the accompanying prospectus supplement, the trust underlying a series of certificates may include mortgage securities, including Agency Securities. The mortgage securities may have been issued previously by the depositor or an affiliate thereof, a financial institution or other entity engaged in the business of mortgage lending or a limited purpose corporation organized for the purpose of, among other things, acquiring and depositing mortgage loans into trusts, and selling beneficial interests in such trusts. As specified in the accompanying prospectus supplement, the mortgage securities will primarily be similar to certificates offered hereunder in their collateral and their cash flows. The primary collateral for both the mortgage securities and the related certificates will be the same pool of mortgage loans. Payments on the mortgage securities will be passed through to holders of the related certificates. The Agency Securities may have been guaranteed and/or issued by the Governmental National Mortgage Association, known as Ginnie Mae, or issued by the Federal Home Loan Mortgage Corporation, known as Freddie Mac, or the Federal National Mortgage Association, known as Fannie Mae. As to any series of certificates, the accompanying prospectus supplement will include a description of the mortgage securities and any related credit enhancement, and the mortgage loans underlying those mortgage securities will be described together with any other mortgage loans included in the mortgage pool relating to that series. As to any series of certificates, as used in this prospectus a mortgage pool includes the related mortgage loans underlying any mortgage securities.

For any series of certificates backed by mortgage securities, the entity that administers the mortgage securities may be referred to as the administrator, if stated in the accompanying prospectus supplement. References in this prospectus to Advances to be made and other actions to be taken by the master servicer in connection with the mortgage loans may include Advances made and other actions taken under the terms of the mortgage securities. Each certificate will evidence an interest in only the related mortgage pool and corresponding trust, and not in any other mortgage pool or trust.

The accompanying prospectus supplement will provide material information concerning the types and characteristics of the mortgage loans and contracts included in the related trust as of the cut-off date. A Current Report on Form 8-K will be available on request to holders of the related series of certificates and will be filed, together with the related pooling and servicing agreement, with the Securities and Exchange Commission within fifteen days after the initial issuance of the certificates. If mortgage loans or contracts are added to or deleted from the trust after the date of the accompanying prospectus supplement, that addition or deletion will be noted in the Form 8-K. Additions or deletions of this type, if any, will be made prior to the closing date.

The Mortgage Loans

General

If stated in the accompanying prospectus supplement, all or a portion of the mortgage loans that underlie a series of certificates may have been purchased by the depositor under the Expanded Criteria Program.

The mortgage loans may be secured by mortgages or deeds of trust, deeds to secure debt or other similar security instruments creating a first lien on or other interests in the related mortgaged properties. The mortgage loans may be loans that have been consolidated and/or have had various terms changed, loans that have been converted from adjustable-rate mortgage loans to fixed-rate mortgage loans, or construction loans which have been converted to permanent mortgage loans. In addition, a mortgaged property may be subject to secondary financing at the time of origination of the mortgage loan or at any time thereafter.

The depositor will cause the mortgage loans constituting each mortgage pool, or mortgage securities evidencing interests therein, to be assigned to the trustee named in the accompanying prospectus supplement, for the benefit of the holders of all of the certificates of a series. The assignment of the mortgage loans to the trustee will be without recourse. See “Description of the Certificates—Assignment of Mortgage Loans.”

Interest Rate Characteristics

The accompanying prospectus supplement will describe the type of interest rates of the mortgage loans, which will include adjustable-rate mortgage loans, or ARM loans, fixed-rate mortgage loans and Convertible Mortgage Loans.

ARM Loans. ARM loans will provide for a fixed initial mortgage rate until the first date on which the mortgage rate is to be adjusted. After this date, the mortgage rate may adjust periodically, subject to any applicable limitations, based on changes in the relevant index, to a rate equal to the index plus the Gross Margin. The initial mortgage rate on an ARM loan may be lower than the sum of the then-applicable index and the Gross Margin for the ARM loan. The index or indices for a particular pool will be specified in the accompanying prospectus supplement and may include one of the following indexes:

- the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of six months, one year or other terms to maturity;
- the weekly auction average investment yield of U.S. Treasury bills of various maturities;
- the daily bank prime loan rate as quoted by financial industry news sources;
- the cost of funds of member institutions of any of the regional Federal Home Loan Banks;
- the interbank offered rates for U.S. dollar deposits in the London market, each calculated as of a date prior to each scheduled interest rate adjustment date that will be specified in the accompanying prospectus supplement; or
- the weekly average of secondary market interest rates on six-month negotiable certificates of deposit.

ARM loans have features that provide different investment considerations than fixed-rate mortgage loans. Adjustable mortgage rates can cause payment increases that may exceed some mortgagors' capacity to cover such payments. An ARM loan may provide that its mortgage rate may not be adjusted to a rate above the applicable maximum mortgage rate or below the applicable minimum mortgage rate, if any, for the ARM loan. In addition, some of the ARM loans may provide for limitations on the maximum amount by which their mortgage rates may adjust for any single adjustment period. Some ARM loans provide for limitations on the amount of scheduled payments of principal and interest.

Other ARM loans may permit the borrower to select from various payment options on each payment date. Those options may include a payment of accrued interest only, a minimum payment based on an amortization schedule that may not be sufficient to cover accrued interest on the ARM loan thus producing negative amortization, a monthly payment that would fully amortize the ARM loan over its remaining term to maturity at the current interest rate, and a monthly payment that would fully amortize the ARM loan over a shorter period at the current interest rate.

Convertible Mortgage Loans. On any conversion of a Convertible Mortgage Loan, either the depositor will be obligated to repurchase or Residential Funding Corporation, the applicable subservicer or a third party will be obligated to purchase the converted mortgage loan. Alternatively, if specified in the accompanying prospectus supplement, the depositor, Residential Funding Corporation or another party may agree to act as remarketing agent with respect to the converted mortgage loans and, in such capacity, to use its best efforts to arrange for the sale of converted mortgage loans under specified conditions. If any party obligated to purchase any converted mortgage loan fails to do so, or if any remarketing agent fails either to arrange for the sale of the converted mortgage loan or to exercise any election to purchase the converted mortgage loan for its own account, the related mortgage pool will thereafter include both fixed-rate and adjustable-rate mortgage loans.

Amortization Provisions

The accompanying prospectus supplement will also describe the applicable amortization provisions of the mortgage loans. The mortgage loans may include:

- loans with equal monthly payments;
- GPM Loans, which have monthly payments that increase in amount over time, until they are fully amortizing;

- Interest Only Loans;
- simple interest loans;
- mortgage loans that experience negative amortization;
- bi-weekly or semi-monthly payment loans; and
- Balloon Loans.

Interest Only Loans. Interest Only Loans generally require that a borrower make monthly payments of accrued interest, but not principal, for a predetermined period following origination (commonly referred to as an "interest-only period"). After the interest-only period, the borrower's monthly payment generally will be recalculated to cover both interest and principal so that the Interest Only Loan will be paid in full by its final payment date. As a result, when the monthly payment increases, the borrower may not be able to pay the increased amount and may default or refinance the Interest Only Loan to avoid the higher payment. Because no scheduled principal payments are required to be made during the interest-only period, the related offered certificates will receive smaller scheduled principal distributions during that period than they would have received if the borrower were required to make monthly payments of interest and principal from origination. In addition, because a borrower is not required to make scheduled principal payments during the interest-only period, the principal balance of an Interest Only Loan may be higher than the principal balance of a similar mortgage loan that requires payment of principal and interest throughout the entire term of the mortgage loan, and a higher principal balance may result in a greater loss upon the liquidation of an Interest Only Loan due to a default.

Simple Interest Mortgage Loans. A simple interest mortgage loan provides the amortization of the amount financed under the mortgage loan over a series of equal monthly payments, except, in the case of a Balloon Loan, the final payment. Each monthly payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the mortgage loan multiplied by the stated mortgage loan rate and further multiplied by a fraction, with the numerator equal to the number of days in the period elapsed since the preceding payment of interest was made and the denominator equal to the number of days in the annual period for which interest accrues on the mortgage loan. As payments are received under a simple interest mortgage loan, the amount received is applied first to interest accrued to the date of payment and then the remaining amount is applied to pay any unpaid fees and then to reduce the unpaid principal balance. Accordingly, if a mortgagor pays a fixed monthly installment on a simple interest mortgage loan before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. On the other hand, if a mortgagor pays a fixed monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the remaining portion, if any, of the payment applied to reduce the unpaid principal balance will be correspondingly less. If each scheduled payment under a simple interest mortgage loan is made on or prior to its scheduled due date, the principal balance of the mortgage loan will amortize more quickly than scheduled. However, if the mortgagor consistently makes scheduled payments after the scheduled due date, the mortgage loan will amortize more slowly than scheduled. If a simple interest mortgage loan is prepaid, the mortgagor is required to pay interest only to the date of prepayment. The variable allocations among principal and interest of a simple interest mortgage loan may affect the distributions of principal and interest on the certificates, as described in the accompanying prospectus supplement.

Negatively Amortizing ARM Loans. Certain ARM loans may be subject to negative amortization from time to time prior to their maturity. Negative amortization may result from either the adjustment of the mortgage rate on a more frequent basis than the adjustment of the scheduled payment or the application of a cap on the size of the scheduled payment. In the first case, negative amortization results if an increase in the mortgage rate occurs prior to an adjustment of the scheduled payment on the related mortgage loan and such increase causes accrued monthly interest on the mortgage loan to exceed the scheduled payment. In the second case, negative amortization results if an increase in the mortgage rate causes accrued monthly interest on a mortgage loan to exceed the limit on the size of the scheduled payment on the mortgage loan. In addition, ARM loans with payment options described above may produce negative amortization if the borrower chooses an option that does not cover the accrued interest on the ARM loan. If the scheduled payment is not sufficient to pay the accrued monthly interest

on a negative amortization ARM loan, the amount of accrued monthly interest that exceeds the scheduled payment on the mortgage loans is added to the principal balance of the ARM loan and is to be repaid from future scheduled payments. Negatively amortizing ARM loans do not provide for the extension of their original stated maturity to accommodate changes in their mortgage rate. The accompanying prospectus supplement will specify whether the ARM loans underlying a series allow for negative amortization.

Bi-Weekly or Semi-Monthly Mortgage Loans. Certain mortgage loans may provide for payments by the borrowers every other week or twice each month during the term of the mortgage loan, rather than monthly payments.

Balloon Loans. Balloon Loans generally require a monthly payment of a pre-determined amount that will not fully amortize the loan until the maturity date, at which time the Balloon Amount will be due and payable. For Balloon Loans, payment of the Balloon Amount, which, based on the amortization schedule of those mortgage loans, is expected to be a substantial amount, will typically depend on the mortgagor's ability to obtain refinancing of the mortgage loan or to sell the mortgaged property prior to the maturity of the Balloon Loan. The ability to obtain refinancing will depend on a number of factors prevailing at the time refinancing or sale is required, including, without limitation, real estate values, the mortgagor's financial situation, the level of available mortgage loan interest rates, the mortgagor's equity in the related mortgaged property, tax laws, prevailing general economic conditions and the terms of any related first lien mortgage loan. Neither the depositor, the master servicer nor any of their affiliates will be obligated to refinance or repurchase any mortgage loan or to sell the mortgaged property.

Collateral Characteristics

The accompanying prospectus supplement will also describe the type of collateral securing the mortgage loans. In addition to mortgage loans secured only by fee simple or leasehold interests on residential properties, each trust may include:

- Pledged Asset Mortgage Loans; and
- Additional Collateral Loans.

Pledged Asset Mortgage Loans. Each Pledged Asset will be held by a custodian for the benefit of the trustee for the trust in which the related Pledged Asset Mortgage Loan is held, and will be invested in investment obligations permitted by the rating agencies rating the related series of certificates. The amount of the Pledged Assets will be determined by the seller in accordance with its underwriting standards, but generally will not be more than an amount that, if applied to reduce the original principal balance of the mortgage loan, would reduce that principal balance to less than 70% of the appraised value of the mortgaged property.

If, following a default by the mortgagor and the liquidation of the related mortgaged property, there remains a loss on the related mortgage loan, the custodian will be instructed to pay to the master servicer or the subservicer on behalf of the trustee the amount of that loss, up to the pledged amount for the mortgage loan. If the mortgagor becomes a debtor in a bankruptcy proceeding, there is a significant risk that the Pledged Assets will not be available to be paid to the certificateholders, since the bankruptcy court may prevent the custodian from making these payments. At the mortgagor's request, and in accordance with some conditions, the Pledged Assets may be applied as a partial prepayment of the mortgage loan. The Pledged Assets will be released from the pledge if the outstanding principal balance of the mortgage loan has been reduced by the amount of the Pledged Assets.

Additional Collateral Loans. The Additional Collateral Requirement will generally terminate when the loan-to-value ratio, or LTV ratio, of the mortgage loan is reduced to a predetermined level, which generally will not be more than 80%, as a result of a reduction in the loan amount caused by principal payments by the mortgagor under the mortgage loan or an increase in the appraised value of the related mortgaged property.

The seller of the Additional Collateral Loan or the related subservicer, as applicable, will be required, in accordance with the master servicer's servicing guidelines or its normal servicing procedures, to attempt to realize on any Additional Collateral if the related Additional Collateral Loan is liquidated upon default. The right to receive proceeds from the realization of Additional Collateral upon any liquidation would be assigned to the related trustee. No assurance can be given as to the amount of proceeds, if any, that might be realized from such Additional Collateral and thereafter remitted to the trustee.

The prospectus supplement relating to any mortgage pool that includes a material amount of Additional Collateral Loans will describe the insurance company that will issue a limited purpose surety bond insuring any deficiency in the amounts realized by the Additional Collateral Loan seller from the liquidation of Additional Collateral, up to the amount of the Additional Collateral Requirement. This surety bond will be issued by an insurance company whose claims-paying ability is rated in the highest long-term rating category by each rating agency rating the applicable series of certificates or a similarly rated financial institution. For additional considerations concerning the Additional Collateral Loans, see "Certain Legal Aspects of Mortgage Loans—The Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders."

Other Attributes

Each trust may also include mortgage loans with the attributes described below, which will be described further in the accompanying prospectus supplement as applicable.

Cooperative Loans. Cooperative Loans are evidenced by promissory notes secured by a first lien on the shares issued by Cooperatives and on the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific units within a Cooperative. As used in this prospectus, mortgage loans may include Cooperative Loans; mortgaged properties may include shares in the related Cooperative and the related proprietary leases or occupancy agreements securing Cooperative Notes; mortgage notes may include Cooperative Notes; and mortgages may include security agreements with respect to Cooperative Notes.

Prepayment Charges on the Mortgage Loans. In some cases, mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty. The prospectus supplement will disclose whether a material portion of the mortgage loans provide for payment of a prepayment charge if the mortgagor prepays within a specified time period. This charge may affect the rate of prepayment. The master servicer or another entity identified in the accompanying prospectus supplement will generally be entitled to all prepayment charges and late payment charges received on the mortgage loans and those amounts will not be available for payment on the certificates unless the prospectus supplement discloses that those charges will be available for payment. However, some states' laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. See "Certain Legal Aspects of Mortgage Loans and Contracts—Default Interest and Limitations on Prepayments."

"Equity Refinance" and "Rate and Term Refinance" Mortgage Loans. Some of the mortgage loans may be "equity refinance" mortgage loans, as to which a portion of the proceeds are used to refinance an existing mortgage loan, and the remaining proceeds may be retained by the mortgagor or used for purposes unrelated to the mortgaged property. Alternatively, the mortgage loans may be "rate and term refinance" mortgage loans, as to which substantially all of the proceeds, net of related costs incurred by the mortgagor, are used to refinance an existing mortgage loan or loans, primarily in order to change the interest rate or other terms of the existing mortgage loan. All of these types of loans are nevertheless secured by mortgaged properties.

Buy-Down Mortgage Loans. In the case of Buy-Down Mortgage Loans, the monthly payments made by the mortgagor during the Buy-Down Period will be less than the scheduled monthly payments on the mortgage loan, the resulting difference to be made up from:

- Buy-Down Funds contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account;
- if the Buy-Down Funds are contributed on a present value basis, investment earnings on the Buy-Down Funds; or
- additional Buy-Down Funds to be contributed over time by the mortgagor's employer or another source.

All Buy-Down Funds will be available to fund scheduled principal and interest payments on the related mortgage loans. See "Description of the Certificates—Payments on Mortgage Collateral—Buy-Down Mortgage Loans."

The Mortgaged Properties

The mortgaged properties may consist of attached or detached individual dwellings, Cooperative dwellings, individual or adjacent condominiums, units in condotels, townhouses, duplexes, row houses, modular pre-cut/panelized housing, manufactured homes, individual units or two-to four-unit dwellings in planned unit developments, two- to four-family dwellings and other attached dwelling units. A condotel generally provides the services of commercial hotels for residential occupants of units owned by the borrowers as vacation or investment property. Each mortgaged property, other than a Cooperative dwelling, will be located on land owned in fee simple by the mortgagor or, if specified in the accompanying prospectus supplement, land leased by the mortgagor. Attached dwellings may include structures where each mortgagor owns the land on which the unit is built with the remaining adjacent land owned in common, or dwelling units subject to a proprietary lease or occupancy agreement in an apartment building owned by a Cooperative. The proprietary lease or occupancy agreement securing a Cooperative Loan is subordinate, in most cases, to any blanket mortgage on the related cooperative apartment building or on the underlying land. Additionally, in the case of a Cooperative Loan, the proprietary lease or occupancy agreement may be terminated and the cooperative shares may be cancelled by the Cooperative if the tenant-stockholder fails to pay maintenance or other obligations or charges owed by the tenant-stockholder. See "Certain Legal Aspects of Mortgage Loans and Contracts."

The mortgaged properties may be owner-occupied or non-owner-occupied and may include vacation homes, second homes and investment properties. The percentage of mortgage loans that are owner-occupied will be disclosed in the accompanying prospectus supplement. The basis for any statement that a given percentage of the mortgage loans are secured by mortgage properties that are owner-occupied will be one or more of the following:

- the making of a representation by the mortgagor at origination of a mortgage loan that the mortgagor intends to use the mortgaged property as a primary residence;
- a representation by the originator of the mortgage loan, which may be based solely on the above clause; or
- the fact that the mailing address for the mortgagor is the same as the address of the mortgaged property.

Any representation and warranty in the related pooling and servicing agreement regarding owner-occupancy may be based solely on that information. Mortgage loans secured by investment properties, including two- to four-unit dwellings, may also be secured by an assignment of leases and rents and operating or other cash flow guarantees relating to the mortgage loans.

Loan-to-Value Ratio

In the case of most purchase money mortgage loans, the LTV ratio is the ratio, expressed as a percentage, of the principal amount of the mortgage loan at origination to the lesser of (1) the appraised value determined in an appraisal obtained at origination of the mortgage loan and (2) the sales price for the related mortgaged property, except that in the case of certain employee or preferred customer loans, the denominator of such ratio may be the sales price. In some cases, in lieu of an appraisal, a valuation of the mortgaged property will be obtained from a service that provides an automated valuation. An automated valuation evaluates, through the use of computer models, various types of publicly available information, such as recent sales prices for similar homes within the same geographic area and within the same price range.

In the case of certain other mortgage loans, including purchase money, refinance, or converted mortgage loans, the LTV ratio at origination is defined in most cases as the ratio, expressed as a percentage, of the principal amount of the mortgage loan to either the appraised value determined in an appraisal obtained at the time of refinancing, modification or conversion or, if no such appraisal has been obtained, the value of the related mortgaged property, which value generally will be supported by either:

- a representation by the related mortgage collateral seller, as described below, as to such value;
- a broker's price opinion, automated valuation, drive-by appraisal or other certification of value;
- an appraisal obtained within twelve months prior to such refinancing, modification or conversion or, under the streamlined refinancing program described herein, an appraisal obtained within 24 months prior to such refinancing;

- the sales price, if the mortgaged property was purchased within the previous twelve months; or
- with respect to a contract made in connection with the mortgagor's purchase of a manufactured home, generally the sales price of the manufactured home or the amount determined by a professional appraiser.

In the case of some mortgage loans seasoned for over twelve months, the LTV ratio may be determined at the time of purchase from the related seller based on the ratio of the current loan amount to the current value of the mortgaged property. Appraised values may be determined by either:

- a statistical analysis;
- a broker's price opinion;
- an automated valuation, drive-by appraisal or other certification of value; or
- an appraisal obtained within 120 days of the purchase date, in which case the LTV ratio may be significantly lower than the ratio determined at origination.

The denominator of the applicable ratio described in the preceding three paragraphs is the appraised value. To the extent that the appraised value of the related mortgaged property has declined, the actual LTV ratio as to such mortgage loan will be higher than the LTV ratio set forth for that mortgage loan in the accompanying prospectus supplement. In connection with a representation by the related seller as to the value of the mortgaged property, the seller in most cases will represent and warrant that either (i) the current value of the related mortgaged property at the time of refinancing, modification or conversion was not less than the appraised value of the related property at the time of the origination of the original mortgage loan or (ii) the current LTV ratio of the mortgage loan generally meets the depositor's underwriting guidelines. There can be no assurance that the substance of that representation and warranty will be true.

Some of the mortgage loans that are subject to negative amortization will have LTV ratios that will increase after origination as a result of their negative amortization. In the case of some seasoned mortgage loans, the values used in calculating LTV ratios may no longer be accurate valuations of the mortgaged properties. Some mortgaged properties may be located in regions where property values have declined significantly since the time of origination. In addition, the LTV ratio does not take into account any secondary financing. Under the depositor's underwriting standards, a mortgage collateral seller is usually permitted to provide secondary financing to a mortgagor contemporaneously with the origination of a mortgage loan, provided that the combined LTV ratio is not greater than 100%. Secondary financing is readily available and may be obtained by a mortgagor from a lender, including the mortgage collateral seller, at any time, including at origination.

Underwriting Policies

The depositor 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. All of the mortgage loans constituting the mortgage pool for a series of certificates will have been acquired either directly or indirectly by the depositor through the Expanded Criteria Program, which is described below under "—The Expanded Criteria Mortgage Program."

The mortgage loans in any mortgage pool may be underwritten by Residential Funding Corporation, a seller or a designated third party through the use of an automated underwriting system. In the case of a Designated Seller Transaction, the mortgage loans may be underwritten by the designated seller or a designated third party through the use of an automated underwriting system. For additional information regarding automated underwriting systems that are used by Residential Funding Corporation to review some of the mortgage loans that it purchases and that may be included in any mortgage pool, see "—Automated Underwriting," below.

General Standards

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. 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 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 mortgaged property consisting of vacation or second homes, no income derived from the property will have been considered for underwriting purposes. 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.

If specified in the accompanying prospectus supplement, a mortgage pool may include mortgage loans that 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 be treated as having been underwritten pursuant to the same underwriting documentation program as the mortgage loan that it refinanced, including for purposes of the disclosure in the accompanying prospectus supplement.

If specified in the accompanying prospectus supplement, some mortgage loans may have been originated under "limited documentation," "stated documentation" or "no documentation" programs that require less documentation and verification than do traditional "full documentation" programs. Under a limited documentation, stated documentation or no documentation program, minimal investigation into the mortgagor's credit history and income profile is undertaken by the originator and the underwriting may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination.

The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "—Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

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. In fact, some states where the mortgaged properties may be located have "anti-deficiency" laws requiring, in general, that lenders providing credit on single family property look solely to the property for repayment in the event of foreclosure. See "Certain Legal Aspects of Mortgage Loans and Contracts." Any of these factors could change nationwide or merely could affect a locality or region in which all or some of the mortgaged properties are located. However, declining values of real estate, as experienced periodically in certain regions, or increases in the principal balances of some mortgage loans, such as GPM Loans and negative amortization ARM loans, could cause the principal balance of some or all of these mortgage loans to exceed the value of the mortgaged properties.

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. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other

levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses. The originator's guidelines for mortgage loans will, in most cases, specify that scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would 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.

The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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. 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 Corporation 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 addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of drive-by appraisals, automated valuations or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends. These alternative valuation methods may not be as reliable as the type of mortgagor financial information or appraisals that are typically obtained at origination. In its underwriting analysis, Residential Funding Corporation may also consider the applicable 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 the depositor.

With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically 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 a given set of underwriting standards 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 a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards. In the case of a Designated Seller Transaction, the applicable underwriting standards will be those of the seller or of the originator of the mortgage loans and will be described in the accompanying prospectus supplement.

Credit Scores are obtained by some mortgage lenders in connection with mortgage loan applications to help assess a borrower's creditworthiness. In addition, Credit Scores may be obtained by Residential Funding Corporation or the designated seller after the origination of a mortgage loan if the seller does not provide to Residential Funding Corporation or the designated seller a Credit Score. Credit Scores are obtained from credit reports provided by various credit reporting organizations, each of which may employ differing computer models and methodologies.

The Credit Score is designed to assess a borrower's credit history at a single point in time, using objective information currently on file for the borrower at a particular credit reporting organization. Information used to create a Credit Score may include, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. Credit Scores range from approximately 350 to approximately 840, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a Credit Score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, i.e., a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. In addition, it should be noted that Credit Scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of a mortgage loan. In most cases, mortgage loans generally amortize over a 15- to 30- year period. Furthermore, Credit Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general, and assess only the borrower's past credit history. Therefore, in most cases, a Credit Score does not take into consideration the differences between mortgage loans and consumer loans, or the specific characteristics of the related mortgage loan, including the

LTV ratio, the collateral for the mortgage loan, or the debt to income ratio. There can be no assurance that the Credit Scores of the mortgagors will be an accurate predictor of the likelihood of repayment of the related mortgage loans or that any mortgagor's Credit Score would not be lower if obtained as of the date of the accompanying prospectus supplement.

Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses. ARM loans, Buy-Down Mortgage Loans, graduated payment mortgage loans and any other mortgage loans will generally be underwritten on the basis of the borrower's ability to make monthly payments as determined by reference to the mortgage rates in effect at origination or the reduced initial monthly payments, as the case may be, and on the basis of an assumption that the borrowers will likely be able to pay the higher monthly payments that may result from later increases in the mortgage rates or from later increases in the monthly payments, as the case may be, at the time of the increase even though the borrowers may not be able to make the higher payments at the time of origination. The mortgage rate in effect from the origination date of an ARM loan or other types of loans to the first adjustment date are likely to be lower, and may be significantly lower, than the sum of the then applicable index and Note Margin. Similarly, the amount of the monthly payment on Buy-Down Mortgage Loans and graduated payment mortgage loans will increase periodically. If the borrowers' incomes do not increase in an amount commensurate with the increases in monthly payments, the likelihood of default will increase. In addition, in the case of either ARM loans or graduated payment mortgage loans that are subject to negative amortization, due to the addition of deferred interest the principal balances of those mortgage loans are more likely to equal or exceed the value of the underlying mortgaged properties, thereby increasing the likelihood of defaults and losses. With respect to Balloon Loans, payment of the Balloon Amount will depend on the borrower's ability to obtain refinancing or to sell the mortgaged property prior to the maturity of the Balloon Loan, and there can be no assurance that refinancing will be available to the borrower or that a sale will be possible.

The Expanded Criteria Mortgage Program

Residential Funding Corporation's Expanded Criteria Program is designed for borrowers with good credit who may have difficulty obtaining traditional financing due to loan characteristics, such as a 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 Corporation'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 the depositor's affiliate, Residential Funding Corporation, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. For example, the Expanded Criteria Program may include mortgage loans with higher LTV ratios and larger principal balances, mortgage loans secured by smaller or larger parcels of land or by investment properties, mortgage loans with LTV ratios in excess of 80% that do not require primary mortgage insurance and mortgage loans made to borrowers who are self-employed or are not required to state their income. The applicable underwriting standards are revised based on changing conditions in the residential mortgage market and the market for the depositor's mortgage pass-through certificates and may also be waived by Residential Funding Corporation from time to time. The prospectus supplement for each series of certificates secured by mortgage loans purchased pursuant to the Expanded Criteria Program will describe the general underwriting criteria applicable to such mortgage loans, as well as any material changes to the general standard described above.

A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria. Residential Funding Corporation may conduct this review using an automated underwriting system. See "—Automated Underwriting" below. Any determination of underwriting eligibility using an automated system will only be based on the information entered into the system and the information that the system is programmed to review. See "Underwriting Policies" above. A portion of the mortgage loans will be purchased in negotiated transactions, which may be governed by master commitment agreements relating to ongoing purchases of mortgage loans by Residential Funding Corporation or the designated seller. The sellers who sell to Residential Funding Corporation or the

designated seller pursuant to master commitment agreements will represent to Residential Funding Corporation or the designated seller that the mortgage loans have been originated in accordance with underwriting standards agreed to by Residential Funding Corporation or the designated seller, as applicable. Some other mortgage loans will be purchased from Expanded Criteria Program Sellers who will represent to Residential Funding Corporation or the designated seller that the mortgage loans were originated under underwriting standards determined by a mortgage insurance company or third-party origination system acceptable to Residential Funding Corporation or the designated seller. Residential Funding Corporation or the designated seller may accept a certification from an insurance company as to the mortgage loan's insurability in a mortgage pool as of the date of certification as evidence of the mortgage loan conforming to applicable underwriting standards. The certifications will likely have been issued before the purchase of the mortgage loan by Residential Funding Corporation, the designated seller, or the depositor.

Automated Underwriting

In recent years, the use of automated underwriting systems has become commonplace in the residential mortgage market. Residential Funding Corporation 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 Corporation'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 Corporation enters information into the automated underwriting system using documentation delivered to Residential Funding Corporation 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 Corporation will accept or reject the mortgage loan. For most mortgage collateral sellers, Residential Funding Corporation will conduct a limited review of the mortgage loan documentation. If that limited review does not detect any material deviations from the applicable underwriting criteria, Residential Funding Corporation 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 Corporation 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 Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans.

Because an automated underwriting system will only consider the information that it is programmed to review, which may be more limited than the information that could be considered in the course of a manual review, the results of an automated underwriting review may not be consistent with the results of a manual review. In addition, there could be programming inconsistencies between an automated underwriting system and the underwriting criteria set forth in Residential Funding Corporation's Seller Guide, which could, in turn, be applied to numerous mortgage loans the system reviews. We cannot assure you that an automated underwriting review will in all cases result in the same determination as a manual review with respect to whether a mortgage loan satisfies Residential Funding Corporation's underwriting criteria.

The Contracts

General

The trust for a series may include a contract pool evidencing interests in contracts originated by one or more manufactured housing dealers, or such other entity or entities described in the accompanying prospectus supplement. Each contract will be secured by a manufactured home. The contracts will be fully amortizing or, if specified in the accompanying prospectus supplement, Balloon Loans.

The manufactured homes securing the contracts will consist of "manufactured homes" within the meaning of 42 U.S.C. § 5402(6), which are treated as "single family residences" for the purposes of the REMIC provisions of the Internal Revenue Code of 1986, or Internal Revenue Code. Accordingly, a manufactured home will be a structure built on a permanent chassis, which is transportable in one or more sections and customarily used at a fixed location, has a minimum of 400 square feet of living space and minimum width in excess of 8½ feet, is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein.

Underwriting Policies

Conventional contracts will comply with the underwriting policies of the applicable originator or mortgage collateral seller, which will be described in the accompanying prospectus supplement.

With respect to a contract made in connection with the mortgagor's purchase of a manufactured home, the appraised value is usually the sales price of the manufactured home or the amount determined by a professional appraiser. The appraiser must personally inspect the manufactured home and prepare a report that includes market data based on recent sales of comparable manufactured homes and, when deemed applicable, a replacement cost analysis based on the current cost of a similar manufactured home. The LTV ratio for a contract in most cases will be equal to the original principal amount of the contract divided by the lesser of the appraised value or the sales price for the manufactured home. However, an appraisal of the manufactured home generally will not be required.

The Agency Securities

Government National Mortgage Association

Ginnie Mae is a wholly-owned corporate instrumentality of the United States within HUD. Section 306(g) of Title III of the National Housing Act of 1934, as amended, referred to in this prospectus as the Housing Act, authorizes Ginnie Mae to guarantee the timely payment of the principal of and interest on certificates representing interests in a pool of mortgages insured by the FHA, under the Housing Act or under Title V of the Housing Act of 1949, or partially guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended, or under Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection." In order to meet its obligations under any such guarantee, Ginnie Mae may, under Section 306(d) of the Housing Act, borrow from the United States Treasury an amount that is at any time sufficient to enable Ginnie Mae to perform its obligations under its guarantee. See "Additional Information" for the availability of further information regarding Ginnie Mae and Ginnie Mae securities.

Ginnie Mae Securities

In most cases, each Ginnie Mae security relating to a series, which may be a Ginnie Mae I Certificate or a Ginnie Mae II Certificate as referred to by Ginnie Mae, will be a "fully modified pass-through" mortgage-backed certificate issued and serviced by a mortgage banking company or other financial concern approved by Ginnie Mae, except with respect to any stripped mortgage-backed securities guaranteed by Ginnie Mae or any REMIC securities issued by Ginnie Mae. The characteristics of any Ginnie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Federal Home Loan Mortgage Corporation

Freddie Mac is a corporate instrumentality of the United States created under Title III of the Emergency Home Finance Act of 1970, as amended, or the Freddie Mac Act. Freddie Mac was established primarily for the purpose of increasing the availability of mortgage credit for the financing of needed housing. The principal activity of Freddie Mac currently consists of purchasing first-lien, conventional, residential mortgage loans or participation interests in such mortgage loans and reselling the mortgage loans so purchased in the form of guaranteed mortgage securities, primarily Freddie Mac securities. In 1981, Freddie Mac initiated its Home Mortgage Guaranty Program under which it purchases mortgage loans from sellers with Freddie Mac securities representing interests in the mortgage loans so purchased. All mortgage loans purchased by Freddie Mac must meet certain standards described in the Freddie Mac Act. Freddie Mac is confined to purchasing, so far as

practicable, mortgage loans that it deems to be of such quality and type that generally meets the purchase standards imposed by private institutional mortgage investors. See "Additional Information" for the availability of further information regarding Freddie Mac and Freddie Mac securities. Neither the United States nor any agency thereof is obligated to finance Freddie Mac's operations or to assist Freddie Mac in any other manner.

Freddie Mac Securities

In most cases, each Freddie Mac security relating to a series will represent an undivided interest in a pool of mortgage loans that typically consists of conventional loans, but may include FHA loans and VA loans, purchased by Freddie Mac, except with respect to any stripped mortgage-backed securities issued by Freddie Mac. Each such pool will consist of mortgage loans, substantially all of which are secured by one- to four-family residential properties or, if specified in the accompanying prospectus supplement, are secured by multi-family residential properties. The characteristics of any Freddie Mac securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Federal National Mortgage Association

Fannie Mae is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. § 1716 et seq.). It is the nation's largest supplier of residential mortgage funds. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the mortgage market primarily by purchasing home mortgage loans from local lenders, thereby replenishing their funds for additional lending. See "Additional Information" for the availability of further information respecting Fannie Mae and Fannie Mae securities. Although the Secretary of the Treasury of the United States has authority to lend Fannie Mae up to $2.25 billion outstanding at any time, neither the United States nor any agency thereof is obligated to finance Fannie Mae's operations or to assist Fannie Mae in any other manner.

Fannie Mae Securities

In most cases, each Fannie Mae security relating to a series will represent a fractional undivided interest in a pool of mortgage loans formed by Fannie Mae, except with respect to any stripped mortgage-backed securities issued by Fannie Mae. Mortgage loans underlying Fannie Mae securities will consist of fixed, variable or adjustable-rate conventional mortgage loans or fixed-rate FHA loans or VA loans. Such mortgage loans may be secured by either one- to four-family or multi-family residential properties. The characteristics of any Fannie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Mortgage Collateral Sellers

The mortgage collateral to be included in a trust will be purchased by the depositor directly or indirectly, through Residential Funding Corporation or other affiliates, from mortgage collateral sellers that may be banks, savings and loan associations, credit unions, insurance companies, mortgage bankers, investment banking firms, insurance companies, the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor. The mortgage collateral sellers may include Homecomings Financial Network, Inc. and GMAC Mortgage Corporation and its affiliates, each of which is an affiliate of the depositor. Such purchases may occur by one or more of the following methods:

- one or more direct or indirect purchases from unaffiliated sellers, which may occur simultaneously with the issuance of the certificates or which may occur over an extended period of time;
- one or more direct or indirect purchases through the Expanded Criteria Program; or
- one or more purchases from affiliated sellers.

Mortgage loans may be purchased under agreements relating to ongoing purchases of mortgage loans by Residential Funding Corporation. The prospectus supplement for a series of certificates will disclose the method or methods used to acquire the mortgage collateral for the series. The depositor may issue one or more classes of certificates to a mortgage collateral seller as consideration for the purchase of the mortgage collateral securing such series of certificates, if so described in the accompanying prospectus supplement.

Qualifications of Sellers

Each Expanded Criteria Program Seller is selected by Residential Funding Corporation on the basis of criteria described in the Seller Guide. In determining whether to approve a mortgage collateral seller, Residential Funding Corporation generally considers, among other things: the financial status of the mortgage collateral seller; the previous experience of the mortgage collateral seller in originating mortgage loans and its potential origination volumes; the prior delinquency and loss experience of the mortgage collateral seller (if available); the underwriting standards employed by the mortgage collateral seller and its quality control procedures; and, if applicable, the servicing operations of the mortgage collateral seller. In order to be approved for participation in the Expanded Criteria Program, mortgage collateral sellers are generally required to have a net worth of at least $500,000, although this amount can be reduced if certain compensating factors, including guarantees or pricing concessions, are present. An Expanded Criteria Program Seller may be an affiliate of the depositor, and the depositor presently anticipates that GMAC Mortgage Corporation and Homecomings Financial Network, Inc., each an affiliate of the depositor, will be Expanded Criteria Program Sellers.

There can be no assurance that any Expanded Criteria Program Seller presently meets any qualifications or will continue to meet any qualifications at the time of inclusion of mortgage collateral sold by it in the trust for a series of certificates, or thereafter. If an Expanded Criteria Program Seller becomes subject to the direct or indirect control of the FDIC, or if an Expanded Criteria Program Seller's net worth, financial performance or delinquency and foreclosure rates are adversely impacted, the institution may continue to be treated as an Expanded Criteria Program Seller. Any event may adversely affect the ability of any such Expanded Criteria Program Seller to repurchase mortgage collateral in the event of a breach of a representation or warranty which has not been cured. See "—Repurchases of Mortgage Collateral" below.

Representations with Respect to Mortgage Collateral

Except in the case of a Designated Seller Transaction, Residential Funding Corporation will provide with respect to each mortgage loan, including Expanded Criteria Program loans, or contracts constituting a part of the trust, all of the representations and warranties required by the rating agency or agencies rating a specific series of certificates. In a Designated Seller Transaction, the Designated Seller would make substantially the same representations and warranties, which are not expected to vary in any material respect. Residential Funding Corporation will generally represent and warrant that:

- as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects;
- except in the case of Cooperative Loans, a policy of title insurance in the form and amount required by the Seller Guide or an equivalent protection was effective or an attorney's certificate was received at origination, and each policy remained in full force and effect on the date of sale of the related mortgage loan or contract to the depositor;
- to the best of Residential Funding Corporation's knowledge, if required by applicable underwriting standards, the mortgage loan or contract is the subject of a primary insurance policy;
- Residential Funding Corporation had good title to the mortgage loan or contract and the mortgage loan or contract is not subject to offsets, defenses or counterclaims except as may be provided under the Servicemembers Civil Relief Act, as amended, or Relief Act, and except with respect to any buy-down agreement for a Buy-Down Mortgage Loan;
- each mortgaged property is free of material damage and is in good repair;
- each mortgage loan complied in all material respects with all applicable local, state and federal laws at the time of origination;
- the mortgage loan or contract was not 30 or more days delinquent in payment of principal and interest as of the related cut-off date and was not so delinquent more than once during the twelve month period to the cut-off date; and
- there is no delinquent tax or assessment lien against the related mortgaged property.

In the event of a breach of a representation or warranty made by Residential Funding Corporation that materially adversely affects the interests of the certificateholders in the mortgage loan or contract, Residential Funding Corporation will be obligated to repurchase any mortgage loan or contract or substitute for the mortgage loan or contract as described below. In addition, except in the case of a Designated Seller Transaction, Residential Funding Corporation will be obligated to repurchase or substitute for any mortgage loan as to which it is discovered that the related mortgage does not create a valid lien having at least the priority represented and warranted in the related pooling and servicing agreement on or, in the case of a contract or a Cooperative Loan, a perfected security interest in, the related mortgaged property, subject only to the following:

- liens of real property taxes and assessments not yet due and payable;
- covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage and certain other permissible title exceptions; and
- other encumbrances to which like properties are commonly subject which do not materially adversely affect the value, use, enjoyment or marketability of the mortgaged property.

In addition, except in the case of a Designated Seller Transaction, with respect to any mortgage loan or contract as to which the depositor delivers to the trustee or the custodian an affidavit certifying that the original mortgage note or contract has been lost or destroyed, if the mortgage loan or contract subsequently is in default and the enforcement thereof or of the related mortgage or contract is materially adversely affected by the absence of the original mortgage note or contract, Residential Funding Corporation will be obligated to repurchase or substitute for such mortgage loan or contract in the manner described below under "—Repurchases of Mortgage Collateral" and "—Limited Right of Substitution."

Mortgage collateral sellers will typically make certain representations and warranties regarding the characteristics of the mortgage collateral that they sell. However, mortgage collateral purchased from certain unaffiliated sellers may be purchased with very limited or no representations and warranties. In addition, Residential Funding Corporation and the depositor will not assign to the trustee for the benefit of the certificateholders any of the representations and warranties made by a mortgage collateral seller regarding mortgage collateral or any remedies provided for any breach of those representations and warranties. Accordingly, unless the accompanying prospectus supplement discloses that additional representations and warranties are made by the mortgage collateral seller or other person for the benefit of the certificateholders, the only representations and warranties that will be made for the benefit of the certificateholders will be the limited representations and warranties of Residential Funding Corporation described above. If a breach of a representation and warranty made by a mortgage collateral seller is discovered that materially and adversely affects the interests of the certificateholders and that representation and warranty has been assigned to the trustee for the benefit of the certificateholders, the master servicer will be required to use its best reasonable efforts to enforce the obligation of the mortgage collateral seller to cure such breach or repurchase the mortgage collateral.

Repurchases of Mortgage Collateral

If a designated seller or Residential Funding Corporation cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to an item of mortgage collateral within 90 days after notice from the master servicer, the servicer, the Certificate Administrator or the trustee, and the breach materially and adversely affects the interests of the certificateholders in the item of mortgage collateral, the designated seller or Residential Funding Corporation as the case may be, will be obligated to purchase the item of mortgage collateral at a price described in the related pooling and servicing agreement or trust agreement. Likewise, as described under "Description of the Certificates—Review of Mortgage Loan or Contract Documents," if the designated seller or Residential Funding Corporation cannot cure certain documentary defects with respect to a mortgage loan or contract, the designated seller or Residential Funding Corporation, as applicable, will be required to repurchase the item of mortgage collateral. The purchase price for any item of mortgage collateral will be equal to the principal balance thereof as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount, expressed as a percentage per annum, payable in respect of servicing or administrative compensation and the Spread, if any. In certain limited cases, a substitution may be made in lieu of such repurchase obligation. See "—Limited Right of Substitution" below.

Because the listing of the related mortgage collateral generally contains information with respect to the mortgage collateral as of the cut-off date, prepayments and, in certain limited circumstances, modifications to the interest rate and principal and interest payments may have been made with respect to one or more of the related items of mortgage collateral between the cut-off date and the closing date. Neither Residential Funding Corporation nor any seller will be required to repurchase or substitute for any item of mortgage collateral as a result of any such prepayment or modification.

The master servicer, the servicer or the Certificate Administrator, as applicable, will be required under the applicable pooling and servicing agreement or trust agreement to use its best reasonable efforts to enforce the repurchase obligation of the designated seller or Residential Funding Corporation of which it has knowledge due to a breach of a representation and warranty that was made to or assigned to the trustee (to the extent applicable), or the substitution right described below, for the benefit of the trustee and the certificateholders, using practices it would employ in its good faith business judgment and which are normal and usual in its general mortgage servicing activities. The master servicer is not obligated to review, and will not review, every loan that is in foreclosure or is delinquent to determine if a breach of a representation and warranty has occurred. The master servicer will maintain policies and procedures regarding repurchase practices that are consistent with its general servicing activities. These policies and procedures generally will limit review of loans that are seasoned and these policies and procedures are subject to change, in good faith, to reflect the master servicer's current servicing activities. Application of these policies and procedures may result in losses being borne by the related credit enhancement and, to the extent not available, the related certificateholders.

Furthermore, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. In accordance with the above described practices, the master servicer or servicer will not be required to enforce any purchase obligation of a designated seller, Residential Funding Corporation or seller arising from any misrepresentation by the designated seller, Residential Funding Corporation or seller, if the master servicer or servicer determines in the reasonable exercise of its business judgment that the matters related to the misrepresentation did not directly cause or are not likely to directly cause a loss on the related mortgage loan. In the case of a Designated Seller Transaction where the seller fails to repurchase a mortgage loan and neither the depositor, Residential Funding Corporation nor any other entity has assumed the representations and warranties, the repurchase obligation of the seller will not become an obligation of the depositor or Residential Funding Corporation. The foregoing obligations will constitute the sole remedies available to certificateholders or the trustee for a breach of any representation by Residential Funding Corporation in its capacity as a seller of mortgage loans to the depositor, or for any other event giving rise to the obligations.

Neither the depositor nor the master servicer or servicer will be obligated to purchase a mortgage loan if a designated seller defaults on its obligation to do so, and no assurance can be given that the designated sellers will carry out those obligations with respect to mortgage loans. This type of default by a designated seller is not a default by the depositor or by the master servicer or servicer. Any mortgage loan not so purchased or substituted for shall remain in the related trust and any losses related thereto shall be allocated to the related credit enhancement, and to the extent not available, to the related certificates.

Limited Right of Substitution

In the case of a mortgage loan or contract required to be repurchased from the trust the related mortgage collateral seller, a designated seller or Residential Funding Corporation, as applicable, may substitute a new mortgage loan or contract for the repurchased mortgage loan or contract that was removed from the trust, during the limited time period described below. Under some circumstances, any substitution must be effected within 120 days of the date of the issuance of the certificates with respect to a trust. With respect to a trust for which a REMIC election is to be made, the substitution must be effected within two years of the date of the issuance of the certificates, and may not be made unless an opinion of counsel is delivered to the effect that the substitution would not cause the trust to fail to qualify as a REMIC and either (a) an opinion of counsel is delivered to the effect that such substitution would not result in a prohibited transaction tax under the Internal Revenue Code or (b) the trust is indemnified for any prohibited transaction tax that may result from the substitution.

In most cases, any qualified substitute mortgage loan or qualified substitute contract will, on the date of substitution:

- have an outstanding principal balance, after deduction of the principal portion of the monthly payment due in the month of substitution, not in excess of the outstanding principal balance of the repurchased mortgage loan or repurchased contract;
- have a mortgage rate and a Net Mortgage Rate not less than, and not more than one percentage point greater than, the mortgage rate and Net Mortgage Rate, respectively, of the repurchased mortgage loan or repurchased contract as of the date of substitution;
- have an LTV ratio at the time of substitution no higher than that of the repurchased mortgage loan or repurchased contract at the time of substitution;
- have a remaining term to maturity not greater than, and not more than one year less than, that of the repurchased mortgage loan or repurchased contract;
- be secured by mortgaged property located in the United States, unless the repurchased mortgage loan was a Puerto Rico mortgage loan, in which case the qualified substitute mortgage loan may be a Puerto Rico mortgage loan; and
- comply with all of the representations and warranties described in the related pooling and servicing agreement as of the date of substitution.

If the outstanding principal balance of a qualified substitute mortgage loan or qualified substitute contract is less than the outstanding principal balance of the related repurchased mortgage loan or repurchased contract, the amount of the shortfall shall be deposited into the Custodial Account in the month of substitution for distribution to the related certificateholders. The related pooling and servicing agreement may include additional requirements relating to ARM loans or other specific types of mortgage loans or contracts, or additional provisions relating to meeting the foregoing requirements on an aggregate basis where a number of substitutions occur contemporaneously. The prospectus supplement will indicate whether a Designated Seller will have the option to substitute for a mortgage loan or contract that it is obligated to repurchase in connection with a breach of a representation and warranty.

DESCRIPTION OF THE CERTIFICATES

General

The certificates will be issued in series. Each series of certificates or, in some instances, two or more series of certificates, will be issued under a pooling and servicing agreement or, in the case of certificates backed by mortgage securities, a trust agreement, similar to one of the forms filed as an exhibit to the registration statement under the Securities Act of 1933, as amended, with respect to the certificates of which this prospectus is a part. Each pooling and servicing agreement or trust agreement will be filed with the Securities and Exchange Commission as an exhibit to a Form 8-K. The following summaries, together with additional summaries under "The Pooling and Servicing Agreement" below, describe all material terms and provisions relating to the certificates common to each pooling and servicing agreement or trust agreement. All references to a "pooling and servicing agreement" and any discussion of the provisions of any pooling and servicing agreement will also apply to trust agreements. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the pooling and servicing agreement for each trust and the accompanying prospectus supplement.

Each series of certificates may consist of any one or a combination of the following types of certificates:

Accretion Directed	A class that receives principal payments from the accreted interest from specified accrual classes. An accretion directed class also may receive principal payments from principal paid on the underlying pool of assets.
Accrual	A class that accretes the amount of accrued interest otherwise distributable on the class, which amount will be added as principal to the principal balance of the class on each applicable distribution date. The accretion may continue until some specified event has occurred or until the accrual class is retired.

Companion	A class that receives principal payments on any distribution date only if scheduled payments have been made on specified planned principal classes, targeted principal classes or scheduled principal classes.
Component	A class consisting of "components." The components of a class of component certificates may have different principal and interest payment characteristics but together constitute a single class. Each component of a class of component certificates may be identified as falling into one or more of the categories in this chart.
Fixed Rate.	A class with an interest rate that is fixed throughout the life of the class.
Floating Rate.	A class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
Interest Only	A class having no principal balance and bearing interest on the related notional amount. The notional amount is used for purposes of the determination of interest distributions.
Inverse Floating Rate	A class with an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
Lockout	A class that, for the period of time specified in the related prospectus supplement, generally will not receive (in other words, is locked out of) (1) principal prepayments on the underlying pool of assets that are allocated disproportionately to the senior certificates because of the shifting interest structure of the certificates in the trust and/or (2) scheduled principal payments on the underlying pool of assets, as specified in the related prospectus supplement. During the lock-out period, the portion of the principal distributions on the underlying pool of assets that the lockout class is locked out of will be distributed to the other classes of senior certificates.
Partial Accrual.	A class that accretes a portion of the amount of accrued interest on it, which amount will be added to the principal balance of the class on each applicable distribution date, with the remainder of the accrued interest to be distributed currently as interest on the class. The accretion may continue until a specified event has occurred or until the partial accrual class is retired.
Principal Only	A class that does not bear interest and is entitled to receive only distributions of principal.
Planned Principal or PACs	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the "structuring range" for the planned principal class. The planned principal classes in any series of certificates may be subdivided into different categories (e.g., primary planned principal classes, secondary planned principal classes and so forth) having different effective structuring ranges and different principal payment priorities. The structuring range for the secondary planned principal class of a series of certificates will be narrower than that for the primary planned principal class of the series.
Scheduled Principal	A class that is designed to receive principal payments using a predetermined principal balance schedule but is not designated as a planned principal class or targeted principal class. In many cases, the schedule is derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the "structuring range" for the scheduled principal class.

Senior Support	A class that absorbs the realized losses other than excess losses that would otherwise be allocated to a Super Senior class after the related classes of subordinated certificates are no longer outstanding.
Sequential Pay.	Classes that receive principal payments in a prescribed sequence, that do not have predetermined principal balance schedules and that under all circumstances receive payments of principal continuously from the first distribution date on which they receive principal until they are retired. A single class that receives principal payments before or after all other classes in the same series of certificates may be identified as a sequential pay class.
Super Senior	A class that will not bear its proportionate share of realized losses (other than excess losses) as its share is directed to another class, referred to as the "senior support class" until the class certificate balance of the support class is reduced to zero.
Targeted Principal or TACs . . .	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming a single constant prepayment rate for the underlying pool of assets.
Variable Rate.	A class with an interest rate that resets periodically and is calculated by reference to the rate or rates of interest applicable to specified assets or instruments (e.g., the mortgage rates borne by the underlying mortgage loans).

Credit support for each series of certificates may be provided by a mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, bankruptcy bond, letter of credit, purchase obligation, reserve fund, certificate insurance policy, surety bond or other credit enhancement as described under "Description of Credit Enhancement," or by the subordination of one or more classes of certificates as described under "Subordination" or by any combination of the foregoing.

Form of Certificates

As specified in the accompanying prospectus supplement, the certificates of each series will be issued either as physical certificates or in book-entry form. If issued as physical certificates, the certificates will be in fully registered form only in the denominations specified in the accompanying prospectus supplement, and will be transferable and exchangeable at the corporate trust office of the certificate registrar appointed under the related pooling and servicing agreement to register the certificates. No service charge will be made for any registration of exchange or transfer of certificates, but the trustee may require payment of a sum sufficient to cover any tax or other governmental charge. The term certificateholder or holder refers to the entity whose name appears on the records of the certificate registrar or, if applicable, a transfer agent, as the registered holder of the certificate.

If issued in book-entry form, the classes of a series of certificates will be initially issued through the book-entry facilities of The Depository Trust Company, or DTC. No global security representing book-entry certificates may be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to another nominee of DTC. Thus, DTC or its nominee will be the only registered holder of the certificates and will be considered the sole representative of the beneficial owners of certificates for all purposes.

The registration of the global securities in the name of Cede & Co. will not affect beneficial ownership and is performed merely to facilitate subsequent transfers. The book-entry system is also used because it eliminates the need for physical movement of securities. The laws of some jurisdictions, however, may require some purchasers to take physical delivery of their securities in definitive form. These laws may impair the ability to own or transfer book-entry certificates.

Purchasers of securities in the United States may hold interests in the global certificates through DTC, either directly, if they are participants in that system, or otherwise indirectly through a participant in DTC. Purchasers of securities in Europe may hold interests in the global securities through Clearstream, Luxembourg, or through Euroclear Bank S.A./N.V., as operator of the Euroclear system.

Because DTC will be the only registered owner of the global securities, Clearstream, Luxembourg and Euroclear will hold positions through their respective U.S. depositories, which in turn will hold positions on the books of DTC.

DTC is a limited-purpose trust company organized under the laws of the State of New York, which holds securities for its DTC participants, which include securities brokers and dealers, banks, trust companies and clearing corporations. DTC together with the Clearstream and Euroclear System participating organizations facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in the accounts of participants. Other institutions that are not participants but indirect participants which clear through or maintain a custodial relationship with participants have indirect access to DTC's clearance system.

No beneficial owner of an interest in any book-entry certificate will be entitled to receive a certificate representing that interest in registered, certificated form, unless either (i) DTC ceases to act as depository for that certificate and a successor depository is not obtained, or (ii) the depositor notifies DTC of its intent to terminate the book-entry system and, upon receipt of a notice of intent from DTC, the participants holding beneficial interests in the book-entry certificates agree to initiate a termination. Upon the occurrence of one of the foregoing events, the trustee is required to notify, through DTC, participants who have ownership of DTC registered certificates as indicated on the records of DTC of the availability of definitive certificates for their DTC registered certificates. Upon surrender by DTC of the definitive certificates representing the DTC registered certificates and upon receipt of instructions from DTC for re-registration, the trustee will reissue the DTC registered certificates as definitive certificates issued in the respective principal amounts owned by individual beneficial owners, and thereafter the trustee and the master servicer will recognize the holders of the definitive certificates as certificateholders under the pooling and servicing agreement.

Prior to any such event, beneficial owners will not be recognized by the trustee, the master servicer, the servicer or the Certificate Administrator as holders of the related certificates for purposes of the pooling and servicing agreement, and beneficial owners will be able to exercise their rights as owners of their certificates only indirectly through DTC, participants and indirect participants.

Any beneficial owner that desires to purchase, sell or otherwise transfer any interest in book-entry certificates may do so only through DTC, either directly if the beneficial owner is a participant or indirectly through participants and, if applicable, indirect participants. Under the procedures of DTC, transfers of the beneficial ownership of any book-entry certificates will be required to be made in minimum denominations specified in the accompanying prospectus supplement. The ability of a beneficial owner to pledge book-entry certificates to persons or entities that are not participants in the DTC system, or to otherwise act for the certificates, may be limited because of the lack of physical certificates evidencing the certificates and because DTC may act only on behalf of participants.

Because of time zone differences, the securities account of a Clearstream or Euroclear System participant as a result of a transaction with a DTC participant, other than a depositary holding on behalf of Clearstream or Euroclear System, will be credited during a subsequent securities settlement processing day, which must be a business day for Clearstream or Euroclear System, as the case may be, immediately following the DTC settlement date. Credits or any transactions in those securities settled during this processing will be reported to the relevant Euroclear System participant or Clearstream participants on that business day. Cash received in Clearstream or Euroclear System as a result of sales of securities by or through a Clearstream participant or Euroclear System participant to a DTC participant, other than the depositary for Clearstream or Euroclear System, will be received with value on the DTC settlement date, but will be available in the relevant Clearstream or Euroclear System cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants and Euroclear System participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear System participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositaries; however, the cross market transactions will require delivery of instructions to the

relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines defined with respect to European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants and Euroclear System participants may not deliver instructions directly to the depositaries.

Clearstream, as a professional depository, holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute.

Euroclear System was created to hold securities for participants of Euroclear System and to clear and settle transactions between Euroclear System participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System operator is Euroclear Bank S.A./N.V., under contract with the clearance cooperative, Euroclear System Clearance Systems S.C., a Belgian co-operative corporation. All operations are conducted by the Euroclear System operator, and all Euroclear System securities clearance accounts and Euroclear System cash accounts are accounts with the Euroclear System operator, not the clearance cooperative.

The clearance cooperative establishes policy for Euroclear System on behalf of Euroclear System participants. Securities clearance accounts and cash accounts with the Euroclear System operator are governed by the terms and conditions Governing Use of Euroclear System and the related operating procedures of the Euroclear System and applicable Belgian law. The terms and conditions govern transfers of securities and cash within Euroclear System, withdrawals of securities and cash from Euroclear System, and receipts of payments with respect to securities in Euroclear System. All securities in Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Distributions on the book-entry certificates will be forwarded by the trustee to DTC, and DTC will be responsible for forwarding those payments to participants, each of which will be responsible for disbursing the payments to the beneficial owners it represents or, if applicable, to indirect participants. Accordingly, beneficial owners may experience delays in the receipt of payments relating to their certificates. Under DTC's procedures, DTC will take actions permitted to be taken by holders of any class of book-entry certificates under the pooling and servicing agreement only at the direction of one or more participants to whose account the book-entry certificates are credited and whose aggregate holdings represent no less than any minimum amount of percentage interests or voting rights required therefor. DTC may take conflicting actions with respect to any action of certificateholders of any class to the extent that participants authorize those actions. None of the master servicer, the servicer, the depositor, the Certificate Administrator, the trustee or any of their respective affiliates has undertaken any responsibility or assumed any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests in the book-entry certificates, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Assignment of Mortgage Loans

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. Each mortgage loan or mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement. Each schedule of mortgage loans will include, among other things, information as to the principal balance of each mortgage loan as of the cut-off date, as well as information respecting the mortgage rate, the currently scheduled monthly payment of principal and interest, the maturity of the mortgage note and the LTV ratio, at origination or modification, without regard to any secondary financing.

If stated in the accompanying prospectus supplement, and in accordance with the rules of membership of Merscorp, Inc. and/or Mortgage Electronic Registration Systems, Inc. or, MERS, assignments of the mortgages for the mortgage loans in the related trust will be registered electronically through Mortgage Electronic Registration Systems, Inc., or MERS® System. For mortgage loans registered through the MERS® System, MERS shall serve as mortgagee of record solely as a nominee in an administrative capacity on behalf of the trustee and shall not have any interest in any of those mortgage loans.

In addition, the depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the trustee, or to the custodian, a set of legal documents relating to each mortgage loan that are in possession of the depositor, including:

- 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;
- 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 agreements; and
- if applicable, 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.

The assignments may be blanket assignments covering mortgages secured by mortgaged properties located in the same county, if permitted by law. If so provided in the accompanying prospectus supplement, the depositor may not be required to deliver one or more of the related documents if any of the documents are missing from the files of the party from whom the mortgage loan was purchased.

If, for any mortgage loan, the depositor cannot deliver the mortgage or any assignment with evidence of recording thereon concurrently with the execution and delivery of the related pooling and servicing agreement because of a delay caused by the public recording office or a delay in the receipt of information necessary to prepare the related assignment, the depositor will deliver or cause to be delivered to the trustee or the custodian a copy of the mortgage or assignment. The depositor will deliver or cause to be delivered to the trustee or the custodian such mortgage or assignment with evidence of recording indicated thereon after receipt thereof from the public recording office or from the related servicer or subservicer.

Any mortgage for a mortgage loan secured by mortgaged property located in Puerto Rico will be either a Direct Puerto Rico Mortgage or an Endorsable Puerto Rico Mortgage. Endorsable Puerto Rico Mortgages do not require an assignment to transfer the related lien. Rather, transfer of those mortgages follows an effective endorsement of the related mortgage note and, therefore, delivery of the assignment referred to in the third clause listed in the third preceding paragraph would be inapplicable. Direct Puerto Rico Mortgages, however, require an assignment to be recorded for any transfer of the related lien and the assignment would be delivered to the trustee, or the custodian.

Assignments of the mortgage loans to the trustee will be recorded in the appropriate public recording office, except for mortgages held under the MERS® System or in states where, in the opinion of counsel acceptable to the trustee, the recording is not required to protect the trustee's interests in the mortgage loan against the claim of any subsequent transferee or any successor to or creditor of the depositor or the originator of the mortgage loan.

Assignment of the Contracts

The depositor will cause the contracts constituting the contract pool to be assigned to the trustee or its nominee, which may be the custodian, together with principal and interest due on or with respect to the contracts after the cut-off date, but not including principal and interest due on or before the cut-off date or any Spread.

Each contract will be identified in a schedule appearing as an exhibit to the pooling and servicing agreement. The schedule will include, among other things, information as to the principal amount and the adjusted principal balance of each contract as of the close of business on the cut-off date, as well as information respecting the mortgage rate, the current scheduled monthly level payment of principal and interest and the maturity date of the contract.

In addition, the depositor, the servicer or the master servicer, as to each contract, will deliver to the trustee, or to the custodian, the original contract and copies of documents and instruments related to each contract and the security interest in the manufactured home securing each contract. The depositor, the master servicer or the servicer will cause a financing statement to be executed by the depositor identifying the trustee as the secured party and identifying all contracts as collateral. However, the contracts will not be stamped or otherwise marked to reflect their assignment from the depositor to the trust and no recordings or filings will be made in the jurisdictions in which the manufactured homes are located. See "Certain Legal Aspects of Mortgage Loans and Contracts—The Contracts."

Review of Mortgage Loan or Contract Documents

The trustee or the custodian will hold documents in trust for the benefit of the certificateholders and, within 45 days after receipt thereof, will review such documents. If any such document is found to be defective in any material respect, the trustee or the custodian shall promptly notify Residential Funding Corporation or the designated seller, if any, and the depositor. If Residential Funding Corporation or the designated seller, as the case may be, cannot cure the defect within 60 days, or within the period specified in the accompanying prospectus supplement, after notice of the defect is given, Residential Funding Corporation or designated seller, as applicable will be obligated no later than 90 days after such notice, or within the period specified in the accompanying prospectus supplement, to either repurchase the related mortgage loan or contract or any related property from the trustee or substitute a new mortgage loan or contract in accordance with the standards described in this prospectus under "The Trust — Repurchases of Mortgage Collateral." The obligation of Residential Funding Corporation and designated seller to repurchase or substitute for a mortgage loan or contract constitutes the sole remedy available to the certificateholders or the trustee for a material defect in a constituent document. Any mortgage loan not so purchased or substituted shall remain in the related trust.

Assignment of Mortgage Securities

The depositor will transfer, convey and assign to the trustee or its nominee, which may be the custodian, all right, title and interest of the depositor in the mortgage securities and other property to be included in the trust for a series. The assignment will include all principal and interest due on or with respect to the mortgage securities after the cut-off date specified in the accompanying prospectus supplement, except for any Spread. The depositor will cause the mortgage securities to be registered in the name of the trustee or its nominee, and the trustee will concurrently authenticate and deliver the certificates. The trustee will not be in possession of or be assignee of record of any underlying assets for a mortgage security. Each mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement, which will specify as to each mortgage security information regarding the original principal amount and outstanding principal balance of each mortgage security as of the cut-off date, as well as the annual pass-through rate or interest rate for each mortgage security conveyed to the trustee.

Spread

The depositor, the servicer, the mortgage collateral seller, the master servicer or any of their affiliates, or any other entity specified in the accompanying prospectus supplement may retain or be paid a portion of interest due with respect to the related mortgage collateral, which will be an uncertificated interest in the mortgage collateral. The payment of any Spread will be disclosed in the accompanying prospectus supplement. This payment may be in addition to any other payment, including a servicing fee, that the specified entity is otherwise entitled to receive with respect to the mortgage collateral. Any payment of this sort on an item of mortgage collateral will represent a specified portion of the interest payable thereon. The interest portion of a Realized Loss and any partial recovery of interest on an item of mortgage collateral will be allocated between the owners of any Spread and the certificateholders entitled to payments of interest as provided in the applicable pooling and servicing agreement.

Payments on Mortgage Collateral

Collection of Payments on Mortgage Loans and Contracts

The servicer or the master servicer, as applicable, will deposit or will cause to be deposited into the Custodial Account payments and collections received by it subsequent to the cut-off date, other than payments due on or before the cut-off date, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- all payments on account of principal of the mortgage loans or contracts comprising a trust;
- all payments on account of interest on the mortgage loans or contracts comprising that trust, net of the portion of each payment thereof retained by the servicer or subservicer, if any, as Spread, and its servicing compensation;
- Liquidation Proceeds;
- all subsequent recoveries of amounts related to a mortgage loan as to which the master servicer had previously determined that no further amounts would be recoverable, resulting in a realized loss, net of unreimbursed liquidation expenses and Servicing Advances;
- Insurance Proceeds or proceeds from any alternative arrangements established in lieu of any such insurance and described in the accompanying prospectus supplement, other than proceeds to be applied to the restoration of the related property or released to the mortgagor in accordance with the master servicer's or servicer's normal servicing procedures;
- any Buy-Down Funds and, if applicable, investment earnings thereon, required to be paid to certificateholders;
- all proceeds of any mortgage loan or contract in the trust purchased or, in the case of a substitution, amounts representing a principal adjustment, by the master servicer, the depositor, the designated seller, Residential Funding Corporation, any subservicer or mortgage collateral seller or any other person under the terms of the pooling and servicing agreement as described under "The Trusts—Representations with Respect to Mortgage Collateral" and "—Repurchases of Mortgage Collateral;"
- any amount required to be deposited by the master servicer in connection with losses realized on investments of funds held in the Custodial Account; and
- any amounts required to be transferred from the Certificate Account to the Custodial Account.

In addition to the Custodial Account, the master servicer or servicer will establish and maintain the Certificate Account. Both the Custodial Account and the Certificate Account must be either:

- maintained with a depository institution whose debt obligations at the time of any deposit therein are rated by any rating agency that rated any certificates of the related series not less than a specified level comparable to the rating category of the certificates;
- an account or accounts the deposits in which are fully insured to the limits established by the FDIC, provided that any deposits not so insured shall be otherwise maintained so that, as evidenced by an opinion of counsel, the certificateholders have a claim with respect to the funds in such accounts or a perfected first priority security interest in any collateral securing those funds that is superior to the claims of any other depositors or creditors of the depository institution with which the accounts are maintained;
- in the case of the Custodial Account, a trust account or accounts maintained in the corporate trust department of a financial institution which has debt obligations that meet specified rating criteria;
- in the case of the Certificate Account, a trust account or accounts maintained with the trustee; or
- any other Eligible Account.

The collateral that is eligible to secure amounts in an Eligible Account is limited to some Permitted Investments. A Certificate Account may be maintained as an interest-bearing or a non-interest-bearing account, or funds therein may be invested in Permitted Investments as described in this section below. The Custodial

Account may contain funds relating to more than one series of certificates as well as payments received on other mortgage loans and assets serviced or master serviced by the master servicer that have been deposited into the Custodial Account.

Not later than the business day preceding each distribution date, the master servicer or servicer, as applicable, will withdraw from the Custodial Account and deposit into the applicable Certificate Account, in immediately available funds, the amount to be distributed therefrom to certificateholders on that distribution date. The master servicer, the servicer or the trustee will also deposit or cause to be deposited into the Certificate Account:

- the amount of any Advances made by the master servicer or the servicer as described in this prospectus under "—Advances;"
- any payments under any letter of credit or any certificate insurance policy, and any amounts required to be transferred to the Certificate Account from a reserve fund, as described under "Description of Credit Enhancement" below;
- any amounts required to be paid by the master servicer or servicer out of its own funds due to the operation of a deductible clause in any blanket policy maintained by the master servicer or servicer to cover hazard losses on the mortgage loans as described under "Insurance Policies on Mortgage Loans or Contracts" below;
- any distributions received on any mortgage securities included in the trust; and
- any other amounts as described in the related pooling and servicing agreement.

The portion of any payment received by the master servicer or the servicer relating to a mortgage loan that is allocable to Spread will typically be deposited into the Custodial Account, but will not be deposited in the Certificate Account for the related series of certificates and will be distributed as provided in the related pooling and servicing agreement.

Funds on deposit in the Custodial Account may be invested in Permitted Investments maturing in general not later than the business day preceding the next distribution date and funds on deposit in the related Certificate Account may be invested in Permitted Investments maturing, in general, no later than the distribution date. All income and gain realized from any investment will be for the account of the servicer or the master servicer as additional servicing compensation. The amount of any loss incurred in connection with any such investment must be deposited in the Custodial Account or in the Certificate Account, as the case may be, by the servicer or the master servicer out of its own funds upon realization of the loss.

Buy-Down Mortgage Loans

For each Buy-Down Mortgage Loan, the subservicer will deposit the related Buy-Down Funds provided to it in a Buy-Down Account which will comply with the requirements described in this prospectus with respect to a Subservicing Account. Generally, the terms of all Buy-Down Mortgage Loans provide for the contribution of Buy-Down Funds in an amount equal to or exceeding either (i) the total payments to be made from those funds under the related buy-down plan or (ii) if the Buy-Down Funds are to be deposited on a discounted basis, that amount of Buy-Down Funds which, together with investment earnings thereon at a rate as described in the Seller Guide from time to time will support the scheduled level of payments due under the Buy-Down Mortgage Loan.

Neither the master servicer nor the depositor will be obligated to add to any discounted Buy-Down Funds any of its own funds should investment earnings prove insufficient to maintain the scheduled level of payments. To the extent that any insufficiency is not recoverable from the mortgagor or, in an appropriate case, from the subservicer, distributions to certificateholders may be affected. For each Buy-Down Mortgage Loan, the subservicer will withdraw from the Buy-Down Account and remit to the master servicer on or before the date specified in the applicable subservicing agreement the amount, if any, of the Buy-Down Funds, and, if applicable, investment earnings thereon, for each Buy-Down Mortgage Loan that, when added to the amount due from the mortgagor on the Buy-Down Mortgage Loan, equals the full monthly payment which would be due on the Buy-Down Mortgage Loan if it were not subject to the buy-down plan. The Buy-Down Funds will in no event be a part of the related trust.

If the mortgagor on a Buy-Down Mortgage Loan prepays the mortgage loan in its entirety during the Buy-Down Period, the applicable subservicer will withdraw from the Buy-Down Account and remit to the mortgagor or any other designated party in accordance with the related buy-down plan any Buy-Down Funds remaining in the Buy-Down Account. If a prepayment by a mortgagor during the Buy-Down Period together with Buy-Down Funds will result in full prepayment of a Buy-Down Mortgage Loan, the subservicer will, in most cases, be required to withdraw from the Buy-Down Account and remit to the master servicer the Buy-Down Funds and investment earnings thereon, if any, which together with such prepayment will result in a prepayment in full; provided that Buy-Down Funds may not be available to cover a prepayment under some mortgage loan programs. Any Buy-Down Funds so remitted to the master servicer in connection with a prepayment described in the preceding sentence will be deemed to reduce the amount that would be required to be paid by the mortgagor to repay fully the related mortgage loan if the mortgage loan were not subject to the buy-down plan.

Any investment earnings remaining in the Buy-Down Account after prepayment or after termination of the Buy-Down Period will be remitted to the related mortgagor or any other designated party under the buy-down agreement. If the mortgagor defaults during the Buy-Down Period with respect to a Buy-Down Mortgage Loan and the property securing that Buy-Down Mortgage Loan is sold in liquidation either by the master servicer, the primary insurer, the pool insurer under the mortgage pool insurance policy or any other insurer, the subservicer will be required to withdraw from the Buy-Down Account the Buy-Down Funds and all investment earnings thereon, if any, and remit the same to the master servicer or, if instructed by the master servicer, pay the same to the primary insurer or the pool insurer, as the case may be, if the mortgaged property is transferred to that insurer and the insurer pays all of the loss incurred relating to such default.

Because Buy-Down Funds may have been provided by a third party such as the seller of the Mortgaged Property, a home builder, or an employer, such funds may be subject to third party claims, offsets, defenses or counterclaims in the event of a dispute between the mortgagor and such third party or otherwise. In addition, upon foreclosure the inclusion of personal property collateral may present additional defenses for the mortgagor to assert.

Collection of Payments on Mortgage Securities

The trustee or the Certificate Administrator, as specified in the accompanying prospectus supplement, will deposit in the Certificate Account all payments on the mortgage securities as they are received after the cut-off date. If the trustee has not received a distribution for any mortgage security by the second business day after the date on which such distribution was due and payable, the trustee will request the issuer or guarantor, if any, of such mortgage security to make such payment as promptly as possible and legally permitted. The trustee may take any legal action against the related issuer or guarantor as is appropriate under the circumstances, including the prosecution of any claims in connection therewith. The reasonable legal fees and expenses incurred by the trustee in connection with the prosecution of any legal action will be reimbursable to the trustee out of the proceeds of the action and will be retained by the trustee prior to the deposit of any remaining proceeds in the Certificate Account pending distribution thereof to the certificateholders of the affected series. If the trustee has reason to believe that the proceeds of the legal action may be insufficient to cover its projected legal fees and expenses, the trustee will notify the related certificateholders that it is not obligated to pursue any available remedies unless adequate indemnity for its legal fees and expenses is provided by the certificateholders.

Withdrawals from the Custodial Account

The servicer or the master servicer, as applicable, may, from time to time, make withdrawals from the Custodial Account for various purposes, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- to make deposits to the Certificate Account in the amounts and in the manner provided in the pooling and servicing agreement and described above under "—Payments on Mortgage Collateral;"
- to reimburse itself or any subservicer for Advances, or for Servicing Advances, out of late payments, Insurance Proceeds, Liquidation Proceeds, any proceeds relating to any REO Mortgage Loan or collections on the mortgage loan or contract with respect to which those Advances or Servicing Advances were made;
- to pay to itself or any subservicer unpaid servicing fees and subservicing fees, out of payments or collections of interest on each mortgage loan or contract;

- to pay to itself as additional servicing compensation any investment income on funds deposited in the Custodial Account, any amounts remitted by subservicers as interest on partial prepayments on the mortgage loans or contracts and, if so provided in the pooling and servicing agreement, any profits realized upon disposition of a mortgaged property acquired by deed in lieu of foreclosure or repossession or otherwise allowed under the pooling and servicing agreement;
- to pay to itself, a subservicer, Residential Funding Corporation, the depositor, the designated seller or the mortgage collateral seller all amounts received on each mortgage loan or contract purchased, repurchased or removed under the terms of the pooling and servicing agreement and not required to be distributed as of the date on which the related purchase price is determined;
- to pay the depositor or its assignee, or any other party named in the accompanying prospectus supplement, all amounts allocable to the Spread, if any, out of collections or payments which represent interest on each mortgage loan or contract, including any mortgage loan or contract as to which title to the underlying mortgaged property was acquired;
- to reimburse itself or any subservicer for any Nonrecoverable Advance and for Advances that have been capitalized by adding the delinquent interest and other amounts owed under the mortgage loan or contract to the principal balance of the mortgage loan or contract, in accordance with the terms of the pooling and servicing agreement;
- to reimburse itself or the depositor for other expenses incurred for which it or the depositor is entitled to reimbursement, including reimbursement in connection with enforcing any repurchase, substitution or indemnification obligation of any seller that is assigned to the trustee for the benefit of the certificateholder, or against which it or the depositor is indemnified under the pooling and servicing agreement;
- to withdraw any amount deposited in the Custodial Account that was not required to be deposited therein; and
- to clear the Custodial Account of amounts relating to the corresponding mortgage loans or contracts in connection with the termination of the trust under the pooling and servicing agreement, as described in "The Pooling and Servicing Agreement—Termination; Retirement of Certificates."

Distributions

Beginning on the distribution date in the month next succeeding the month in which the cut-off date occurs, or any other date as may be described in the accompanying prospectus supplement, for a series of certificates, distribution of principal and interest, or, where applicable, of principal only or interest only, on each class of certificates entitled to such payments will be made either by the trustee, the master servicer or the Certificate Administrator acting on behalf of the trustee or a paying agent appointed by the trustee. The distributions will be made to the persons who are registered as the holders of the certificates at the close of business on the last business day of the preceding month or on such other day as is specified in the accompanying prospectus supplement.

Distributions will be made in immediately available funds, by wire transfer or otherwise, to the account of a certificateholder at a bank or other entity having appropriate facilities, if the certificateholder has so notified the trustee, the master servicer, the Certificate Administrator or the paying agent, as the case may be, and the applicable pooling and servicing agreement provides for that form of payment, or by check mailed to the address of the person entitled to such payment as it appears on the certificate register. The final distribution in retirement of the certificates of any class, other than a subordinate class, will be made only upon presentation and surrender of the certificates at the office or agency of the trustee specified in the notice to the certificateholders. Distributions will be made to each certificateholder in accordance with that holder's percentage interest in a particular class.

As a result of the provisions described below under "—Realization upon Defaulted Mortgage Loans or Contracts," under which the certificate principal balance of a class of subordinate certificates can be increased in certain circumstances after it was previously reduced to zero, each certificate of a subordinate class of certificates will be considered to remain outstanding until the termination of the related trust, even if the certificate principal balance thereof has been reduced to zero.

Principal and Interest on the Certificates

The method of determining, and the amount of, distributions of principal and interest, or, where applicable, of principal only or interest only, on a particular series of certificates will be described in the accompanying prospectus supplement. Distributions of interest on each class of certificates will be made prior to distributions of principal thereon. Each class of certificates, other than classes of strip certificates, may have a different specified interest rate, or pass-through rate, which may be a fixed, variable or adjustable pass-through rate, or any combination of two or more pass-through rates. The accompanying prospectus supplement will specify the pass-through rate or rates for each class, or the initial pass-through rate or rates and the method for determining the pass-through rate or rates. The applicable prospectus supplement will describe the manner of interest accruals and payments. In general, interest on the certificates will accrue during each calendar month and will be payable on the distribution date in the following calendar month. If stated in the accompanying prospectus supplement, interest on any class of certificates for any distribution date may be limited to the extent of available funds for that distribution date. The accompanying prospectus supplement will describe the method of calculating interest on the certificates. In general, interest on the certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

On each distribution date for a series of certificates, the trustee or the master servicer or the Certificate Administrator on behalf of the trustee will distribute or cause the paying agent to distribute, as the case may be, to each holder of record on the last day of the preceding month of a class of certificates, or on such other day as is specified in the accompanying prospectus supplement, an amount equal to the percentage interest represented by the certificate held by that holder multiplied by that class's Distribution Amount.

In the case of a series of certificates which includes two or more classes of certificates, the timing, sequential order, priority of payment or amount of distributions of principal, and any schedule or formula or other provisions applicable to that determination, including distributions among multiple classes of senior certificates or subordinate certificates, shall be described in the accompanying prospectus supplement. Distributions of principal on any class of certificates will be made on a pro rata basis among all of the certificates of that class.

On or prior to the second business day prior to each distribution date, or the determination date, the master servicer or the Certificate Administrator, as applicable, will determine the amounts of principal and interest which will be passed through to certificateholders on the immediately succeeding distribution date. Prior to the close of business on the determination date, the master servicer or the Certificate Administrator, as applicable, will furnish a statement to the trustee with information to be made available to certificateholders by the master servicer or the Certificate Administrator, as applicable, on request, setting forth, among other things, the amount to be distributed on the next succeeding distribution date.

Example of Distributions

The following chart provides an example of the flow of funds as it would relate to a hypothetical series of certificates backed by mortgage loans or contracts that are issued, and with a cut-off date occurring, in July 2005:

Date	Note	Description
July 1	(A)	Cut-off date.
July 2-31	(B)	Servicers or subservicers, as applicable, receive any partial Principal Prepayments.
July 16-August 15	(C)	The servicers or the subservicers, as applicable, receive any Principal Prepayments in full.
July 31	(D)	Record date.
July 2-August 1	(E)	The due dates for payments on a mortgage loan or contract.
August 18	(F)	Servicers or subservicers remit to the master servicer or servicer, as applicable, scheduled payments of principal and interest due during the related Due Period and received or advanced by them.
August 23	(G)	Determination date.
August 25	(H)	Distribution date.

Succeeding months follow the pattern of (B) through (H), except that for succeeding months, (B) will also include the first day of that month. A series of certificates may have different Prepayment Periods, Due Periods, cut-off dates, record dates, remittance dates, determination dates and/or distribution dates than those described above.

(A) The initial principal balance of the mortgage pool or contract pool will be the aggregate principal balance of the mortgage loans or contracts at the close of business on July 1 after deducting principal payments due on or before that date or such other date as may be specified in the accompanying prospectus supplement. Those principal payments due on or before July 1 and the accompanying interest payments, and any Principal Prepayments received as of the close of business on July 1 are not part of the mortgage pool or contract pool and will not be passed through to certificateholders.

(B) Any Principal Prepayments, other than Principal Prepayments in full, may be received at any time during this period and will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. Partial Principal Prepayments are applied so as to reduce the principal balances of the related mortgage loans or contracts as of the first day of the month in which the payments are made; no interest will be paid to certificateholders from such prepaid amounts for the month in which the partial Principal Prepayments were received.

(C) Any Principal Prepayments in full that are received during the Prepayment Period will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. When a mortgage loan or contract is prepaid in full, interest on the amount prepaid is collected from the mortgagor only to the date of payment.

(D) Distributions on August 25 will be made to certificateholders of record at the close of business on July 31.

(E) Scheduled principal and interest payments are due from mortgagors.

(F) Payments due from mortgagors during the related Due Period will be deposited by the subservicers in Subservicing Accounts or by the servicers in collection accounts, or will be otherwise managed in a manner acceptable to the rating agencies, as received and will include the scheduled principal payments plus interest on the principal balances immediately prior to those payments. Funds required to be remitted from the Subservicing Accounts or collection accounts to the master servicer or servicer, as applicable, will be remitted on August 18, 2005 together with any required Advances by the servicer or subservicers, except that Principal Prepayments in full received by subservicers during the related Prepayment Period will have been remitted to the master servicer or the servicer, as applicable, within five business days of receipt.

(G) On the determination date, the master servicer or servicer will determine the amounts of principal and interest that will be passed through on August 25 to the holders of each class of certificates. The master servicer or servicer will be obligated to distribute those payments due during the related Due Period that have been received from subservicers or servicers prior to and including August 18, as well as all partial Principal Prepayments received on mortgage loans in July and Principal Prepayments in full during the related Prepayment Period, with interest adjusted to the pass-through rates applicable to the respective classes of certificates and reduced on account of Principal Prepayments as described in clause (B) above. Distributions to the holders of senior certificates, if any, on August 25 may include amounts otherwise distributable to the holders of the related subordinate certificates, amounts withdrawn from any reserve fund, amounts drawn against any certificate insurance policy and amounts advanced by the master servicer or the servicer under the circumstances described in "Subordination" and "—Advances."

(H) On August 25, the amounts determined on August 23 will be distributed to certificateholders.

If provided in the accompanying prospectus supplement, the distribution date for any series of certificates as to which the trust includes mortgage securities may be a specified date or dates other than the 25th day of each month in order to allow for the receipt of distributions on the mortgage securities.

Advances

As to each series of certificates, the master servicer or the servicer will make Advances on or before each distribution date, but only to the extent that the Advances would, in the judgment of the master servicer or the servicer, be recoverable out of late payments by the mortgagors, Liquidation Proceeds, Insurance Proceeds or otherwise.

The amount of any Advance will be determined based on the amount payable under the mortgage loan as adjusted from time to time and as may be modified as described in this prospectus under "—Servicing and Administration of Mortgage Collateral," and no Advance will be required in connection with any reduction in amounts payable under the Relief Act or as a result of certain actions taken by a bankruptcy court. As specified in the accompanying prospectus supplement for any series of certificates as to which the trust includes mortgage securities, any advancing obligations will be under the terms of the mortgage securities and may differ from the provisions relating to Advances described in this prospectus.

Advances are intended to maintain a regular flow of scheduled interest and principal payments to related certificateholders. Advances do not represent an obligation of the master servicer or servicer to guarantee or insure against losses. If Advances have been made by the master servicer or servicer from cash being held for future distribution to certificateholders, those funds will be required to be replaced on or before any future distribution date to the extent that funds in the Certificate Account on that distribution date would be less than payments required to be made to certificateholders. Any Advances will be reimbursable to the master servicer or servicer out of recoveries on the related mortgage loans or contracts for which those amounts were advanced, including late payments made by the related mortgagor, any related Liquidation Proceeds and Insurance Proceeds, proceeds of any applicable form of credit enhancement, or proceeds of any mortgage collateral purchased by the depositor, Residential Funding Corporation, a subservicer, the designated seller or a mortgage collateral seller.

Advances will also be reimbursable from cash otherwise distributable to certificateholders to the extent that the master servicer or servicer shall determine that any Advances previously made are not ultimately recoverable as described in the third preceding paragraph or if Advances are capitalized by adding the delinquent interest to the outstanding principal balance of the related mortgage loan or contract, as described under "—Servicing and Administration of Mortgage Collateral." For any senior/subordinate series, so long as the related subordinate certificates remain outstanding with a certificate principal balance greater than zero, and except for Special Hazard Losses, Fraud Losses and Bankruptcy Losses in excess of specified amounts and Extraordinary Losses, the Advances may also be reimbursable out of amounts otherwise distributable to holders of the subordinate certificates, if any. The master servicer or the servicer may also be obligated to make Servicing Advances, to the extent recoverable out of Liquidation Proceeds or otherwise, for some taxes and insurance premiums not paid by mortgagors on a timely basis. Funds so advanced will be reimbursable to the master servicer or servicer to the extent permitted by the pooling and servicing agreement.

The master servicer's or servicer's obligation to make Advances may be supported by another entity, a letter of credit or other method as may be described in the related pooling and servicing agreement. If the short-term or long-term obligations of the provider of the support are downgraded by a rating agency rating the related certificates or if any collateral supporting such obligation is not performing or is removed under the terms of any agreement described in the accompanying prospectus supplement, the certificates may also be downgraded.

Prepayment Interest Shortfalls

When a mortgagor prepays a mortgage loan or contract in full between scheduled due dates for the mortgage loan or contract, the mortgagor pays interest on the amount prepaid only to but not including the date on which the Principal Prepayment is made. A partial Principal Prepayment by a mortgagor is treated as having been received on the first day of the month in which such Principal Prepayment is made, and no interest paid by the mortgagor is distributed to the certificateholders. Similarly, Liquidation Proceeds from a mortgaged property will not include interest for any period after the date on which the liquidation took place.

If stated in the accompanying prospectus supplement, to the extent funds are available from the servicing fee or other servicing compensation available for this purpose, the master servicer or servicer may make an additional payment to certificateholders out of the servicing fee otherwise payable to it for any mortgage loan that prepaid in full during the preceding Prepayment Period or in part during the preceding calendar month equal to the Compensating Interest for that mortgage loan or contract from the date of the prepayment to the related due date.

Compensating Interest on any distribution date will be limited to the lesser of (a) 0.125% of the Stated Principal Balance of the mortgage collateral immediately prior to that distribution date, and (b) the master servicing fee or servicing fee payable on that distribution date and the reinvestment income received by the master servicer or servicer with respect to the amount payable to the certificateholders on that distribution date. Compensating Interest may not be sufficient to cover the Prepayment Interest Shortfall on any distribution date. If so disclosed in the accompanying prospectus supplement, Prepayment Interest Shortfalls may be applied to reduce interest otherwise payable with respect to one or more classes of certificates of a series. See "Yield Considerations."

Funding Account

A pooling and servicing agreement or other agreement may provide for the transfer of additional mortgage loans to the related trust after the closing date for the related certificates. Any additional mortgage loans will be required to conform to the requirements described in the related pooling and servicing agreement or other agreement providing for such transfer. If a Funding Account is established, all or a portion of the proceeds of the sale of one or more classes of certificates of the related series or a portion of collections on the mortgage loans relating to principal will be deposited in such account to be released as additional mortgage loans are transferred. A Funding Account will be required to be maintained as an Eligible Account. All amounts in the Funding Account will be required to be invested in Permitted Investments and the amount held in the Funding Account shall at no time exceed 25% of the aggregate outstanding principal balance of the certificates. The related pooling and servicing agreement or other agreement providing for the transfer of additional mortgage loans will provide that all transfers must be made within 90 days, and that amounts set aside to fund the transfers, whether in a Funding Account or otherwise, and not so applied within the required period of time will be deemed to be Principal Prepayments and applied in the manner described in the prospectus supplement.

Reports to Certificateholders

On each distribution date, the master servicer or the Certificate Administrator, as applicable, will forward or cause to be forwarded to each certificateholder of record, or will make available to each certificateholder of record in the manner described in the accompanying prospectus supplement, a statement or statements with respect to the related trust setting forth the information described in the related pooling and servicing agreement. The information will include the following (as applicable):

- the applicable record date, determination date and distribution date;
- the aggregate amount of payments received with respect to the mortgage loans, including prepayment amounts;

- the servicing fee payable to the master servicer and the subservicer;
- the amount of any other fees or expenses paid, and the identity of the party receiving such fees or expenses;
- the amount, if any, of the distribution allocable to principal;
- the amount, if any, of the distribution allocable to interest and the amount, if any, of any shortfall in the amount of interest and principal;
- the outstanding principal balance or notional amount of each class of certificates before and after giving effect to the distribution of principal on that distribution date;
- updated pool composition information, including weighted average interest rate and weighted average remaining term;
- the balance of the reserve fund, if any, at the opening of business and the close of business on that distribution date;
- if applicable, the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount at the opening of business and as of the close of business on the applicable distribution date and a description of any change in the calculation of those amounts;
- the principal balances of the senior certificates as of the closing date;
- in the case of certificates benefiting from alternative credit enhancement arrangements described in a prospectus supplement, the amount of coverage under alternative arrangements as of the close of business on the applicable determination date and a description of any credit enhancement substituted therefor;
- the aggregate unpaid principal balance of the mortgage collateral after giving effect to the distribution of principal on that distribution date, and the number of mortgage loans at the beginning and end of the reporting period;
- based on the most recent reports furnished by subservicers, the number and aggregate principal balances of any items of mortgage collateral in the related trust that are delinquent (a) 30-59 days, (b) 60-89 days and (c) 90 or more days, and that are in foreclosure;
- the amount of any losses on the mortgage loans during the reporting period;
- information about the amount, terms and general purpose of any advances made or reimbursed during the reporting period;
- any material modifications, extensions or waivers to the terms of the mortgage loans during the reporting period or that have cumulatively become material over time;
- any material breaches of mortgage loan representations or warranties or covenants in the pooling and servicing agreement; and
- for any series of certificates as to which the trust includes mortgage securities, any additional information as required under the related pooling and servicing agreement.

In addition to the information described above, reports to certificateholders will contain any other information as is described in the applicable pooling and servicing agreement, which may include, without limitation, information as to Advances, reimbursements to subservicers, the servicer and the master servicer and losses borne by the related trust.

In addition, within a reasonable period of time after the end of each calendar year, the master servicer or the Certificate Administrator, as applicable, will furnish on request a report to each person that was a holder of record of any class of certificates at any time during that calendar year. The report will include information as to the aggregate of amounts reported under the first two items in the list above for that calendar year or, if the person was a holder of record of a class of certificates during a portion of that calendar year, for the applicable portion of that year.

Servicing and Administration of Mortgage Collateral

General

The master servicer, the Certificate Administrator or any servicer, as applicable, that is a party to a pooling and servicing agreement, will be required to perform the services and duties specified in the related pooling and servicing agreement. The duties to be performed by the master servicer or servicer will include the customary functions of a servicer, including collection of payments from mortgagors; maintenance of any primary mortgage insurance, hazard insurance and other types of insurance; processing of assumptions or substitutions; attempting to cure delinquencies; supervising foreclosures; inspection and management of mortgaged properties under certain circumstances; and maintaining accounting records relating to the mortgage collateral. For any series of certificates for which the trust includes mortgage securities, the master servicer's or Certificate Administrator's servicing and administration obligations will be described in the accompanying prospectus supplement.

Under each pooling and servicing agreement, the servicer or the master servicer may enter into subservicing agreements with one or more subservicers who will agree to perform certain functions for the servicer or master servicer relating to the servicing and administration of the mortgage loans or contracts included in the trust relating to the subservicing agreement. A subservicer may be an affiliate of the depositor. Under any subservicing agreement, each subservicer will agree, among other things, to perform some or all of the servicer's or the master servicer's servicing obligations, including but not limited to, making Advances to the related certificateholders. The servicer or the master servicer, as applicable, will remain liable for its servicing obligations that are delegated to a subservicer as if the servicer or the master servicer alone were servicing such mortgage loans or contracts.

Collection and Other Servicing Procedures

The servicer or the master servicer, directly or through subservicers, as the case may be, will make reasonable efforts to collect all payments called for under the mortgage loans or contracts and will, consistent with the related pooling and servicing agreement and any applicable insurance policy or other credit enhancement, follow the collection procedures as it follows with respect to mortgage loans or contracts serviced by it that are comparable to the mortgage loans or contracts. The servicer or the master servicer may, in its discretion, waive any prepayment charge in connection with the prepayment of a mortgage loan or extend the due dates for payments due on a mortgage note or contract, provided that the insurance coverage for the mortgage loan or contract or any coverage provided by any alternative credit enhancement will not be adversely affected thereby. The master servicer may also waive or modify any term of a mortgage loan so long as the master servicer has determined that the waiver or modification is not materially adverse to any certificateholders, taking into account any estimated loss that may result absent that action. For any series of certificates as to which the trust includes mortgage securities, the master servicer's servicing and administration obligations will be under the terms of those mortgage securities.

In instances in which a mortgage loan or contract is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interests of the related certificateholders, the master servicer or servicer may permit modifications of the mortgage loan or contract rather than proceeding with foreclosure. In making this determination, the estimated Realized Loss that might result if the mortgage loan or contract were liquidated would be taken into account. These modifications may have the effect of, among other things, reducing the mortgage rate, forgiving payments of principal, interest or other amounts owed under the mortgage loan or contract, such as taxes and insurance premiums, extending the final maturity date of the mortgage loan or contract, capitalizing delinquent interest and other amounts owed under the mortgage loan or contract by adding that amount to the unpaid principal balance of the mortgage loan or contract, or any combination of these or other modifications. Any modified mortgage loan or contract may remain in the related trust, and the reduction in collections resulting from the modification may result in reduced distributions of interest or principal on, or may extend the final maturity of, one or more classes of the related certificates.

In connection with any significant partial prepayment of a mortgage loan, the master servicer, to the extent not inconsistent with the terms of the mortgage note and local law and practice, may permit the mortgage loan to be re-amortized so that the monthly payment is recalculated as an amount that will fully amortize its remaining principal amount by the original maturity date based on the original mortgage rate, provided that the re-amortization shall not be permitted if it would constitute a modification of the mortgage loan for federal income tax purposes.

The master servicer, any servicer or one or more subservicers for a given trust may establish and maintain an escrow account in which mortgagors will be required to deposit amounts sufficient to pay taxes, assessments, certain mortgage and hazard insurance premiums and other comparable items. Withdrawals from any escrow account may be made to effect timely payment of taxes, assessments, mortgage and hazard insurance, to refund to mortgagors amounts determined to be owed, to pay interest on balances in the escrow account, if required, to repair or otherwise protect the mortgage properties and to clear and terminate such account. The master servicer or any servicer or subservicer, as the case may be, will be responsible for the administration of each such escrow account and will be obligated to make advances to the escrow accounts when a deficiency exists therein. The master servicer, servicer or subservicer will be entitled to reimbursement for any advances from the Custodial Account.

Other duties and responsibilities of each servicer, the master servicer and the Certificate Administrator are described above under "—Payments on Mortgage Collateral."

Special Servicing

The pooling and servicing agreement for a series of certificates may name a Special Servicer, which may be an affiliate of Residential Funding Corporation. The Special Servicer will be responsible for the servicing of certain delinquent mortgage loans or contracts as described in the prospectus supplement. The Special Servicer may have certain discretion to extend relief to mortgagors whose payments become delinquent. The Special Servicer may be permitted to grant a period of temporary indulgence to a mortgagor or may enter into a liquidating plan providing for repayment by the mortgagor, in each case without the prior approval of the master servicer or the servicer, as applicable. Other types of forbearance typically will require the approval of the master servicer or servicer, as applicable.

In addition, the master servicer or servicer may enter into various agreements with holders of one or more classes of subordinate certificates or of a class of securities representing interests in one or more classes of subordinate certificates. Under the terms of those agreements, the holder may, for some delinquent mortgage loans:

- instruct the master servicer or servicer to commence or delay foreclosure proceedings, provided that the holder deposits a specified amount of cash with the master servicer or servicer which will be available for distribution to certificateholders if Liquidation Proceeds are less than they otherwise may have been had the master servicer or servicer acted under its normal servicing procedures;
- instruct the master servicer or servicer to purchase the mortgage loans from the trust prior to the commencement of foreclosure proceedings at the purchase price and to resell the mortgage loans to the holder, in which case any subsequent loss with respect to the mortgage loans will not be allocated to the certificateholders; or
- become, or designate a third party to become, a subservicer with respect to the mortgage loans so long as (i) the master servicer or servicer has the right to transfer the subservicing rights and obligations of the mortgage loans to another subservicer at any time or (ii) the holder or its servicing designee is required to service the mortgage loans according to the master servicer's or servicer's servicing guidelines.

In addition, the accompanying prospectus supplement may provide for the other types of special servicing arrangements.

Enforcement of "Due-on-Sale" Clauses

When any mortgaged property relating to a mortgage loan or contract, other than an ARM loan, is about to be conveyed by the mortgagor, the master servicer or the servicer, as applicable, directly or through a subservicer, to the extent it has knowledge of such proposed conveyance, generally will be obligated to exercise the trustee's rights to accelerate the maturity of such mortgage loan or contract under any due-on-sale clause applicable thereto. A due-on-sale clause will be enforced only if the exercise of such rights is permitted by applicable law and only to the extent it would not adversely affect or jeopardize coverage under any primary insurance policy or applicable credit enhancement arrangements. See "Certain Legal Aspects of Mortgage Loans and Contracts—The Mortgage Loans—Enforceability of Certain Provisions" and "—The Contracts—'Due-on-Sale' Clauses."

If the master servicer, servicer or subservicer is prevented from enforcing a due-on-sale clause under applicable law or if the master servicer, servicer or subservicer determines that it is reasonably likely that a legal action would be instituted by the related mortgagor to avoid enforcement of such due-on-sale clause, the master servicer, servicer or subservicer will enter into an assumption and modification agreement with the person to whom such property has been or is about to be conveyed, under which such person becomes liable under the mortgage note or contract subject to certain specified conditions. The original mortgagor may be released from liability on a mortgage loan or contract if the master servicer, servicer or subservicer shall have determined in good faith that such release will not adversely affect the collectability of the mortgage loan or contract. An ARM loan may be assumed if it is by its terms assumable and if, in the reasonable judgment of the master servicer, servicer or subservicer, the proposed transferee of the related mortgaged property establishes its ability to repay the loan and the security for the ARM loan would not be impaired by the assumption. If a mortgagor transfers the mortgaged property subject to an ARM loan without consent, such ARM loan may be declared due and payable. Any fee collected by the master servicer, servicer or subservicer for entering into an assumption or substitution of liability agreement or for processing a request for partial release of the mortgaged property generally will be retained by the master servicer, servicer or subservicer as additional servicing compensation. In connection with any assumption, the mortgage rate borne by the related mortgage note or contract may not be altered. Mortgagors may, from time to time, request partial releases of the mortgaged properties, easements, consents to alteration or demolition and other similar matters. The master servicer, servicer or subservicer may approve such a request if it has determined, exercising its good faith business judgment, that such approval will not adversely affect the security for, and the timely and full collectability of, the related mortgage loan or contract.

Realization Upon Defaulted Mortgage Loans or Contracts

For a mortgage loan in default, the master servicer or the related subservicer will decide whether to foreclose upon the mortgaged property or write off the principal balance of the mortgage loan or contract as a bad debt. In connection with such decision, the master servicer or the related subservicer will, following usual practices in connection with its mortgage servicing activities, estimate the proceeds expected to be received and the expenses expected to be incurred in connection with such foreclosure to determine whether a foreclosure proceeding is appropriate.

Any acquisition of title and cancellation of any REO Mortgage Loan or REO Contract will be considered for most purposes to be an outstanding mortgage loan or contract held in the trust until it is converted into a Liquidated Mortgage Loan or Liquidated Contract.

For purposes of calculations of amounts distributable to certificateholders relating to an REO Mortgage Loan or an REO Contract, the amortization schedule in effect at the time of any acquisition of title, before any adjustment by reason of any bankruptcy or any similar proceeding or any moratorium or similar waiver or grace period, will be deemed to have continued in effect and, in the case of an ARM loan, the amortization schedule will be deemed to have adjusted in accordance with any interest rate changes occurring on any adjustment date, so long as the REO Mortgage Loan or REO Contract is considered to remain in the trust. If a REMIC election has been made, any mortgaged property so acquired by the trust must be disposed of in accordance with applicable federal income tax regulations and consistent with the status of the trust as a REMIC. To the extent provided in the related pooling and servicing agreement, any income, net of expenses and other than gains described in the second succeeding paragraph, received by the subservicer, servicer or the master servicer on the mortgaged property prior to its disposition will be deposited in the Custodial Account on receipt and will be available at that time for making payments to certificateholders.

For a mortgage loan or contract in default, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. If the mortgage loan is an Additional Collateral Loan, the master servicer or the related subservicer, if the lien on the Additional Collateral for such Additional Collateral Loan is not assigned to the trustee on behalf of the certificateholders, may proceed against the related mortgaged property or the related Additional Collateral first or may proceed against both concurrently, as permitted by applicable law and the terms under which the Additional Collateral is held, including any third-party guarantee. Similarly, if the

mortgage loan is a Pledged Asset Mortgage Loan, the master servicer or the related subservicer may proceed against the related mortgaged property or the related Pledged Assets first or may proceed against both concurrently, as permitted by applicable law and the terms under which the Pledged Assets are held.

Upon the first to occur of final liquidation and a repurchase or substitution under a breach of a representation and warranty, the mortgage loan or contract will be removed from the related trust. The master servicer or servicer may elect to treat a defaulted mortgage loan or contract as having been finally liquidated if substantially all amounts expected to be received in connection therewith have been received. Any additional liquidation expenses relating to the mortgage loan or contract thereafter incurred will be reimbursable to the master servicer, servicer or any subservicer from any amounts otherwise distributable to the related certificateholders, or may be offset by any subsequent recovery related to the mortgage loan or contract. Alternatively, for purposes of determining the amount of related Liquidation Proceeds to be distributed to certificateholders, the amount of any Realized Loss or the amount required to be drawn under any applicable form of credit enhancement, the master servicer or servicer may take into account minimal amounts of additional receipts expected to be received, as well as estimated additional liquidation expenses expected to be incurred in connection with the defaulted mortgage loan or contract.

For some series of certificates, the applicable form of credit enhancement may provide, to the extent of coverage, that a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract will be removed from the trust prior to its final liquidation. In addition, the master servicer or servicer may have the option to purchase from the trust any defaulted mortgage loan or contract after a specified period of delinquency. If a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract is not removed from the trust prior to final liquidation, then, upon its final liquidation, if a loss is realized which is not covered by any applicable form of credit enhancement or other insurance, the certificateholders will bear the loss. However, if a gain results from the final liquidation of an REO Mortgage Loan or REO Contract which is not required by law to be remitted to the related mortgagor, the master servicer or servicer will be entitled to retain that gain as additional servicing compensation unless the accompanying prospectus supplement provides otherwise.

If a final liquidation of a mortgage loan or contract resulted in a Realized Loss and thereafter the master servicer or servicer receives a subsequent recovery specifically related to that mortgage loan or contract, in connection with a related breach of a representation or warranty or otherwise, such subsequent recovery shall be distributed to the certificateholders in the same manner as repurchase proceeds received in the prior calendar month, to the extent that the related Realized Loss was allocated to any class of certificates. In addition, the certificate principal balance of the class of subordinate certificates with the highest payment priority to which Realized Losses, other than Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses, have been allocated will be increased to the extent that such subsequent recoveries are distributed as principal to any classes of certificates. However, the certificate principal balance of that class of subordinate certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates. The amount of any remaining subsequent recoveries will be applied to increase the certificate principal balance of the class of certificates with the next lower payment priority; however, the certificate principal balance of that class of certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates, and so on. Holders of certificates whose certificate principal balance is increased in this manner will not be entitled to interest on the increased balance for any interest accrual period preceding the distribution date on which the increase occurs. The foregoing provisions will apply even if the certificate principal balance of a class of subordinate certificates was previously reduced to zero. Accordingly, each class of subordinate certificates will be considered to remain outstanding until the termination of the related trust.

In the case of a series of certificates other than a senior/subordinate series, if so provided in the accompanying prospectus supplement, the applicable form of credit enhancement may provide for reinstatement in accordance with specified conditions if, following the final liquidation of a mortgage loan or contract and a draw under the related credit enhancement, subsequent recoveries are received. For a description of the Certificate Administrator's, the master servicer's or the servicer's obligations to maintain and make claims under applicable forms of credit enhancement and insurance relating to the mortgage loans or contracts, see "Description of Credit Enhancement" and "Insurance Policies on Mortgage Loans or Contracts."

For a discussion of legal rights and limitations associated with the foreclosure of a mortgage loan or contract, see "Certain Legal Aspects of Mortgage Loans and Contracts."

The master servicer or the Certificate Administrator, as applicable, will deal with any defaulted mortgage securities in the manner described in the accompanying prospectus supplement.

DESCRIPTION OF CREDIT ENHANCEMENT

General

Credit support for each series of certificates may be comprised of one or more of the following components. Each component will have a dollar limit and will provide coverage with respect to Realized Losses that are:

- Defaulted Mortgage Losses;
- Special Hazard Losses;
- Bankruptcy Losses; and
- Fraud Losses.

Most forms of credit support will not provide protection against all risks of loss and will not guarantee repayment of the entire outstanding principal balance of the certificates and interest. If losses occur that exceed the amount covered by credit support or are of a type that is not covered by the credit support, certificateholders will bear their allocable share of deficiencies. In particular, Defaulted Mortgage Losses, Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses will not be covered. To the extent that the credit enhancement for any series of certificates is exhausted, the certificateholders will bear all further risks of loss not otherwise insured against.

As described in this prospectus and in the accompanying prospectus supplement,

- coverage with respect to Defaulted Mortgage Losses may be provided by a mortgage pool insurance policy,
- coverage with respect to Special Hazard Losses may be provided by a special hazard insurance policy,
- coverage with respect to Bankruptcy Losses may be provided by a bankruptcy bond and
- coverage with respect to Fraud Losses may be provided by a mortgage pool insurance policy or mortgage repurchase bond.

In addition, if stated in the accompanying prospectus supplement, in lieu of or in addition to any or all of the foregoing arrangements, credit enhancement may be in the form of a reserve fund to cover those losses, in the form of subordination of one or more classes of certificates as described under "Subordination," or in the form of a certificate insurance policy, a letter of credit, a mortgage pool insurance policy, surety bonds or other types of insurance policies, other secured or unsecured corporate guarantees or in any other substantially similar form as may be described in the accompanying prospectus supplement, or in the form of a combination of two or more of the foregoing. If stated in the accompanying prospectus supplement, limited credit enhancement may be provided to cover Defaulted Mortgage Losses with respect to mortgage loans with LTV ratios at origination of over 80% that are not insured by a primary insurance policy, to the extent that those losses would be covered under a primary insurance policy if obtained, or may be provided in lieu of title insurance coverage, in the form of a corporate guaranty or in other forms described in this section. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

In addition, the credit support may be provided by an assignment of the right to receive cash amounts, a deposit of cash into a reserve fund or other pledged assets, or by banks, insurance companies, guarantees or any combination of credit support identified in the accompanying prospectus supplement. Credit support may also be provided in the form of an insurance policy covering the risk of collection and adequacy of any Additional Collateral provided in connection with any Additional Collateral Loan, as limited by that insurance policy. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

Each prospectus supplement will include a description of:

- the amount payable under the credit enhancement arrangement, if any, provided with respect to a series;
- any conditions to payment not otherwise described in this prospectus;
- the conditions under which the amount payable under the credit support may be reduced and under which the credit support may be terminated or replaced; and
- the material provisions of any agreement relating to the credit support.

Additionally, each prospectus supplement will contain information with respect to the issuer of any third-party credit enhancement, if applicable The pooling and servicing agreement or other documents may be modified in connection with the provisions of any credit enhancement arrangement to provide for reimbursement rights, control rights or other provisions that may be required by the credit enhancer. To the extent provided in the applicable pooling and servicing agreement, the credit enhancement arrangements may be periodically modified, reduced and substituted for based on the performance of or on the aggregate outstanding principal balance of the mortgage loans covered. See "Description of Credit Enhancement—Reduction or Substitution of Credit Enhancement." If specified in the accompanying prospectus supplement, credit support for a series of certificates may cover one or more other series of certificates.

The descriptions of any insurance policies, bonds or other instruments described in this prospectus or any prospectus supplement and the coverage under those instruments do not purport to be complete and are qualified in their entirety by reference to the actual forms of the policies, copies of which typically will be exhibits to the Form 8-K to be filed with the Securities and Exchange Commission in connection with the issuance of the related series of certificates.

Letters of Credit

If any component of credit enhancement as to any series of certificates is to be provided by a letter of credit, a bank will deliver to the trustee an irrevocable letter of credit. The letter of credit may provide direct coverage with respect to the mortgage collateral. The letter of credit bank, the amount available under the letter of credit with respect to each component of credit enhancement, the expiration date of the letter of credit, and a more detailed description of the letter of credit will be specified in the accompanying prospectus supplement. On or before each distribution date, the letter of credit bank will be required to make payments after notification from the trustee, to be deposited in the related Certificate Account with respect to the coverage provided. The letter of credit may also provide for the payment of Advances.

Subordination

A senior/subordinate series of certificates will consist of one or more classes of senior certificates and one or more classes of subordinate certificates, as specified in the accompanying prospectus supplement. Subordination of the subordinate certificates of any senior/subordinate series will be effected by the following method, unless an alternative method is specified in the accompanying prospectus supplement. In addition, some classes of senior or subordinate certificates may be senior to other classes of senior or subordinate certificates, as specified in the accompanying prospectus supplement.

For any senior/subordinate series, the total amount available for distribution on each distribution date, as well as the method for allocating that amount among the various classes of certificates included in the series, will be described in the accompanying prospectus supplement. In most cases, for any series, the amount available for distribution will be allocated first to interest on the senior certificates of that series, and then to principal of the senior certificates up to the amounts described in the accompanying prospectus supplement, prior to allocation of any amounts to the subordinate certificates.

If so provided in the pooling and servicing agreement, the master servicer or servicer may be permitted, under certain circumstances, to purchase any mortgage loan or contract that is three or more months delinquent in payments of principal and interest, at the repurchase price. Any Realized Loss subsequently incurred in connection with any such mortgage loan may be, under certain circumstances, passed through to the holders of then outstanding certificates with a certificate principal balance greater than zero of the related series in the same

manner as Realized Losses on mortgage loans that have not been so purchased, unless that purchase was made upon the request of the holder of the most junior class of certificates of the related series. See "Description of the Certificates—Servicing and Administration of Mortgage Collateral—Special Servicing" above.

In the event of any Realized Losses not in excess of the limitations described below (other than Extraordinary Losses), the rights of the subordinate certificateholders to receive distributions will be subordinate to the rights of the senior certificateholders and the owner of the Spread and, as to certain classes of subordinated certificates, may be subordinate to the rights of other subordinate certificateholders.

Except as noted below, Realized Losses will be allocated to the subordinate certificates of the related series until their outstanding principal balances have been reduced to zero. Additional Realized Losses, if any, will be allocated to the senior certificates. If the series includes more than one class of senior certificates, the accompanying prospectus supplement will describe how Realized Losses are allocated. In general, Realized Losses will be allocated on a pro rata basis among all of the senior certificates in proportion to their respective outstanding principal balances. If described in the accompanying prospectus supplement, some classes of senior certificates may be allocated Realized Losses before other classes of senior certificates.

The accompanying prospectus supplement will describe how Special Hazard Losses in excess of the Special Hazard Amount will be allocated among all outstanding classes of certificates. In general, such losses will be allocated among all outstanding classes of certificates of the related series on a pro rata basis in proportion to their outstanding principal balances. The respective amounts of other specified types of losses, including Fraud Losses and Bankruptcy Losses, that may be borne solely by the subordinate certificates may be similarly limited to the Fraud Loss Amount and Bankruptcy Amount, and the subordinate certificates may provide no coverage with respect to Extraordinary Losses or other specified types of losses, which will be described in the accompanying prospectus supplement, in which case those losses would be allocated on a pro rata basis among all outstanding classes of certificates in accordance with their respective certificate principal balances as described in the accompanying prospectus supplement. Each of the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be subject to periodic reductions and may be subject to further reduction or termination, without the consent of the certificateholders, upon the written confirmation from each applicable rating agency that the then-current rating of the related series of certificates will not be adversely affected.

In most cases, any allocation of a Realized Loss, including a Special Hazard Loss, Fraud Loss or Bankruptcy Loss, to a certificate in a senior/subordinate series will be made by reducing its outstanding principal balance as of the distribution date following the calendar month in which the Realized Loss was incurred.

The rights of holders of the various classes of certificates of any series to receive distributions of principal and interest is determined by the aggregate outstanding principal balance of each class or, if applicable, the related notional amount. The outstanding principal balance of any certificate will be reduced by all amounts previously distributed on that certificate representing principal, and by any Realized Losses allocated thereto. If there are no Realized Losses or Principal Prepayments on any item of mortgage collateral, the respective rights of the holders of certificates of any series to future distributions generally would not change. However, to the extent described in the accompanying prospectus supplement, holders of senior certificates may be entitled to receive a disproportionately larger amount of prepayments received during specified periods, which will have the effect, absent offsetting losses, of accelerating the amortization of the senior certificates and increasing the respective percentage ownership interest evidenced by the subordinate certificates in the related trust, with a corresponding decrease in the percentage of the outstanding principal balances of the senior certificates, thereby preserving the availability of the subordination provided by the subordinate certificates. In addition, some Realized Losses will be allocated first to subordinate certificates by reduction of their outstanding principal balance, which will have the effect of increasing the respective ownership interest evidenced by the senior certificates in the related trust.

If so provided in the accompanying prospectus supplement, some amounts otherwise payable on any distribution date to holders of subordinate certificates may be deposited into a reserve fund. Amounts held in any reserve fund may be applied as described under "Description of Credit Enhancement—Reserve Funds" and in the accompanying prospectus supplement.

In lieu of the foregoing provisions, subordination may be effected by limiting the rights of the holders of subordinate certificates to receive the Subordinate Amount to the extent described in the accompanying

prospectus supplement. As specified in the accompanying prospectus supplement, the Subordinate Amount may be reduced based upon the amount of losses borne by the holders of the subordinate certificates as a result of the subordination, a specified schedule or other method of reduction as the prospectus supplement may specify.

The exact terms and provisions of the subordination of any subordinate certificate will be described in the accompanying prospectus supplement.

Overcollateralization

If stated in the accompanying prospectus supplement, interest collections on the mortgage collateral may exceed interest payments on the certificates for the related distribution date. To the extent such excess interest is applied as principal payments on the certificates, the effect will be to reduce the principal balance of the certificates relative to the outstanding balance of the mortgage collateral, thereby creating overcollateralization and additional protection to the certificateholders, as specified in the accompanying prospectus supplement.

Mortgage Pool Insurance Policies

Any insurance policy covering losses on a mortgage collateral pool obtained by the depositor for a trust will be issued by the pool insurer. Each mortgage pool insurance policy, in accordance with the limitations described in this prospectus and in the prospectus supplement, if any, will cover Defaulted Mortgage Losses in an amount specified in the prospectus supplement. As described under "—Maintenance of Credit Enhancement," the master servicer, servicer or Certificate Administrator will use its best reasonable efforts to maintain the mortgage pool insurance policy and to present claims thereunder to the pool insurer on behalf of itself, the trustee and the certificateholders. The mortgage pool insurance policies, however, are not blanket policies against loss, since claims thereunder may only be made respecting particular defaulted mortgage loans and only upon satisfaction of specified conditions precedent described in the succeeding paragraph. Unless specified in the accompanying prospectus supplement, the mortgage pool insurance policies may not cover losses due to a failure to pay or denial of a claim under a primary insurance policy, irrespective of the reason therefor.

As more specifically provided in the accompanying prospectus supplement, each mortgage pool insurance policy will provide for conditions under which claims may be presented and covered under the policy. Upon satisfaction of these conditions, the pool insurer will have the option either (a) to purchase the property securing the defaulted mortgage loan at a price equal to its outstanding principal balance plus accrued and unpaid interest at the applicable mortgage rate to the date of purchase and some expenses incurred by the master servicer, servicer or subservicer on behalf of the trustee and certificateholders, or (b) to pay the amount by which the sum of the outstanding principal balance of the defaulted mortgage loan plus accrued and unpaid interest at the mortgage rate to the date of payment of the claim and the aforementioned expenses exceeds the proceeds received from an approved sale of the mortgaged property, in either case net of some amounts paid or assumed to have been paid under any related primary insurance policy.

Certificateholders will experience a shortfall in the amount of interest payable on the related certificates in connection with the payment of claims under a mortgage pool insurance policy because the pool insurer is only required to remit unpaid interest through the date a claim is paid rather than through the end of the month in which the claim is paid. In addition, the certificateholders will also experience losses with respect to the related certificates in connection with payments made under a mortgage pool insurance policy to the extent that the master servicer, servicer or subservicer expends funds to cover unpaid real estate taxes or to repair the related mortgaged property in order to make a claim under a mortgage pool insurance policy, as those amounts will not be covered by payments under the policy and will be reimbursable to the master servicer, servicer or subservicer from funds otherwise payable to the certificateholders. If any mortgaged property securing a defaulted mortgage loan is damaged and proceeds, if any (see "—Special Hazard Insurance Policies" below for risks which are not covered by those policies), from the related hazard insurance policy or applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under the mortgage pool insurance policy, the master servicer, servicer or subservicer is not required to expend its own funds to restore the damaged property unless it determines that (a) restoration will increase the proceeds to certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer, servicer or subservicer for its expenses and (b) the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds.

A mortgage pool insurance policy and some primary insurance policies will likely not insure against loss sustained by reason of a default arising from, among other things, fraud or negligence in the origination or servicing of a mortgage loan, including misrepresentation by the mortgagor, the mortgage collateral seller or other persons involved in the origination thereof, failure to construct a mortgaged property in accordance with plans and specifications or bankruptcy, unless, if specified in the accompanying prospectus supplement, an endorsement to the mortgage pool insurance policy provides for insurance against that type of loss. Depending upon the nature of the event, a breach of a representation made by Residential Funding Corporation or a designated seller may also have occurred. If the breach of that representation materially and adversely affects the interests of certificateholders and cannot be cured, the breach would give rise to a repurchase obligation on the part of Residential Funding Corporation or a designated seller, as described under "The Trusts —Representations with Respect to Mortgage Collateral."

The original amount of coverage under each mortgage pool insurance policy will be reduced over the life of the related series of certificates by the aggregate amount of claims paid less the aggregate of the net amounts realized by the pool insurer upon disposition of all foreclosed properties. The amount of claims paid includes some expenses incurred by the master servicer, servicer or subservicer as well as accrued interest on delinquent mortgage loans to the date of payment of the claim. See "Certain Legal Aspects of Mortgage Loans and Contracts." Accordingly, if aggregate net claims paid under any mortgage pool insurance policy reach the original policy limit, coverage under that mortgage pool insurance policy will be exhausted and any further losses will be borne by the related certificateholders. In addition, unless the master servicer or servicer determines that an Advance relating to a delinquent mortgage loan would be recoverable to it from the proceeds of the liquidation of the mortgage loan or otherwise, the master servicer or servicer would not be obligated to make an Advance respecting any delinquency since the Advance would not be ultimately recoverable to it from either the mortgage pool insurance policy or from any other related source. See "Description of the Certificates—Advances."

Since each mortgage pool insurance policy will require that the property subject to a defaulted mortgage loan be restored to its original condition prior to claiming against the pool insurer, the policy will not provide coverage against hazard losses. As described under "Insurance Policies on Mortgage Loans or Contracts—Standard Hazard Insurance on Mortgaged Properties," the hazard policies covering the mortgage loans typically exclude from coverage physical damage resulting from a number of causes and, even when the damage is covered, may afford recoveries which are significantly less than full replacement cost of those losses. Additionally, no coverage for Special Hazard Losses, Fraud Losses or Bankruptcy Losses will cover all risks, and the amount of any such coverage will be limited. See "—Special Hazard Insurance Policies" below. As a result, certain hazard risks will not be insured against and may be borne by certificateholders.

Contract pools may be covered by pool insurance policies that are similar to the mortgage pool insurance policies described above.

Special Hazard Insurance Policies

Any insurance policy covering Special Hazard Losses obtained for a trust will be issued by the insurer named in the accompanying prospectus supplement. Each special hazard insurance policy subject to limitations described in this paragraph and in the accompanying prospectus supplement, if any, will protect the related certificateholders from Special Hazard Losses. Aggregate claims under a special hazard insurance policy will be limited to the amount described in the accompanying prospectus supplement and will be subject to reduction as described in the accompanying prospectus supplement. A special hazard insurance policy will provide that no claim may be paid unless hazard and, if applicable, flood insurance on the property securing the mortgage loan or contract has been kept in force and other protection and preservation expenses have been paid by the master servicer or servicer.

In accordance with the foregoing limitations, a special hazard insurance policy will provide that, where there has been damage to property securing a foreclosed mortgage loan, title to which has been acquired by the insured, and to the extent the damage is not covered by the hazard insurance policy or flood insurance policy, if any, maintained by the mortgagor or the master servicer, servicer or the subservicer, the insurer will pay the lesser of (i) the cost of repair or replacement of the related property or (ii) upon transfer of the property to the insurer, the unpaid principal balance of the mortgage loan or contract at the time of acquisition of the related property by

foreclosure or deed in lieu of foreclosure, plus accrued interest at the mortgage rate to the date of claim settlement and certain expenses incurred by the master servicer, servicer or the subservicer with respect to the related property.

If the property is transferred to a third party in a sale approved by the special hazard insurer, the amount that the special hazard insurer will pay will be the amount under (ii) above reduced by the net proceeds of the sale of the property. If the unpaid principal balance plus accrued interest and some expenses is paid by the special hazard insurer, the amount of further coverage under the related special hazard insurance policy will be reduced by that amount less any net proceeds from the sale of the property. Any amount paid as the cost of repair of the property will further reduce coverage by that amount. Restoration of the property with the proceeds described under (i) above will satisfy the condition under each mortgage pool insurance policy or contract pool insurance policy that the property be restored before a claim under the policy may be validly presented with respect to the defaulted mortgage loan or contract secured by the related property. The payment described under (ii) above will render presentation of a claim relating to a mortgage loan or contract under the related mortgage pool insurance policy or contract pool insurance policy unnecessary. Therefore, so long as a mortgage pool insurance policy or contract pool insurance policy remains in effect, the payment by the insurer under a special hazard insurance policy of the cost of repair or of the unpaid principal balance of the related mortgage loan or contract plus accrued interest and some expenses will not affect the total Insurance Proceeds paid to certificateholders, but will affect the relative amounts of coverage remaining under the related special hazard insurance policy and mortgage pool insurance policy or contract pool insurance policy.

To the extent described in the accompanying prospectus supplement, coverage relating to Special Hazard Losses for a series of certificates may be provided by means of a representation of the depositor or Residential Funding Corporation.

Mortgage Insurance Policies

If stated in the accompanying prospectus supplement, the depositor may acquire a mortgage insurance policy for all or a portion of the mortgage loans or contracts in a mortgage pool or contract pool, or covered loans, with current LTV ratios in excess of a percentage stated in the prospectus supplement. Any insurance policy for the covered loans will be issued by a mortgage insurer. The mortgage insurance policy will insure a portion of the loss that may be incurred on each covered loan. If stated in the accompanying prospectus supplement, the aggregate amount payable by the mortgage insurer under the mortgage insurance policy may be limited.

Bankruptcy Bonds

In the event of a personal bankruptcy of a mortgagor and a filing under Chapter 13 of the Bankruptcy Code, a bankruptcy court may establish the value of the mortgaged property of the mortgagor, and, if specified in the related prospectus supplement, any related Additional Collateral, at a Deficient Valuation. Under current law, Deficient Valuations are not permitted with respect to first liens on the related mortgaged property, but may occur with respect to a mortgage loan secured by a junior lien if the value of the related mortgaged property at the time of the filing is less than the amount of any first lien.

In addition, other modifications of the terms of a mortgage loan or contract can result from a bankruptcy proceeding without a permanent forgiveness of the principal amount of the mortgage loan, including a Debt Service Reduction. See “Certain Legal Aspects of Mortgage Loans and Contracts—The Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders.” Any bankruptcy policy to provide coverage for Bankruptcy Losses resulting from proceedings under the federal Bankruptcy Code obtained for a trust will be issued by an insurer named in the accompanying prospectus supplement. The level of coverage under each bankruptcy policy will be described in the accompanying prospectus supplement.

Reserve Funds

If stated in the accompanying prospectus supplement, the depositor will deposit or cause to be deposited in a reserve fund, any combination of cash or Permitted Investments in specified amounts, or any other instrument satisfactory to the rating agency or agencies, which will be applied and maintained in the manner and under the conditions specified in the accompanying prospectus supplement. In the alternative or in addition to that deposit, to the extent described in the accompanying prospectus supplement, a reserve fund may be funded through

application of all or a portion of amounts otherwise payable on any related subordinate certificates, from the Spread or otherwise. To the extent that the funding of the reserve fund is dependent on amounts otherwise payable on related subordinate certificates, Spread or other cash flows attributable to the related mortgage loans or on reinvestment income, the reserve fund may provide less coverage than initially expected if the cash flows or reinvestment income on which the funding is dependent are lower than anticipated.

For any series of certificates as to which credit enhancement includes a letter of credit, if stated in the accompanying prospectus supplement, under specified circumstances the remaining amount of the letter of credit may be drawn by the trustee and deposited in a reserve fund. Amounts in a reserve fund may be distributed to certificateholders, or applied to reimburse the master servicer or servicer for outstanding Advances, or may be used for other purposes, in the manner and to the extent specified in the accompanying prospectus supplement. If stated in the accompanying prospectus supplement, amounts in a reserve fund may be available only to cover specific types of losses, or losses on specific mortgage loans. A reserve fund may provide coverage to more than one series of certificates, if described in the accompanying prospectus supplement.

The trustee will have a perfected security interest for the benefit of the certificateholders in the assets in the reserve fund, unless the assets are owned by the related trust. However, to the extent that the depositor, any affiliate of the depositor or any other entity has an interest in any reserve fund, in the event of the bankruptcy, receivership or insolvency of that entity, there could be delays in withdrawals from the reserve fund and the corresponding payments to the certificateholders. These delays could adversely affect the yield to investors on the related certificates.

Amounts deposited in any reserve fund for a series will be invested in Permitted Investments by, or at the direction of, and for the benefit of a servicer, the master servicer, the Certificate Administrator or any other person named in the accompanying prospectus supplement.

Certificate Insurance Policies; Surety Bonds

The depositor may obtain one or more certificate insurance policies or guaranties or one or more surety bonds, or one or more guarantees issued by insurers or other parties acceptable to the rating agency or agencies rating the certificates offered insuring the holders of one or more classes of certificates the payment of amounts due in accordance with the terms of that class or those classes of certificates. Any certificate insurance policy, surety bond or guaranty will have the characteristics described in, and will be in accordance with any limitations and exceptions described in, the accompanying prospectus supplement.

Maintenance of Credit Enhancement

If credit enhancement has been obtained for a series of certificates, the master servicer, the servicer or the Certificate Administrator will be obligated to exercise its best reasonable efforts to keep or cause to be kept the credit enhancement in full force and effect throughout the term of the applicable pooling and servicing agreement, unless coverage thereunder has been exhausted through payment of claims or otherwise, or substitution therefor is made as described below under "—Reduction or Substitution of Credit Enhancement." The master servicer, the servicer or the Certificate Administrator, as applicable, on behalf of itself, the trustee and certificateholders, will be required to provide information required for the trustee to draw under any applicable credit enhancement.

The master servicer, the servicer or the Certificate Administrator will agree to pay the premiums for each mortgage pool insurance policy, special hazard insurance policy, mortgage insurance policy, bankruptcy policy, certificate insurance policy or surety bond, as applicable, on a timely basis, unless the premiums are paid directly by the trust. As to mortgage pool insurance policies generally, if the related insurer ceases to be a Qualified Insurer, the master servicer, the servicer or the Certificate Administrator will use its best reasonable efforts to obtain from another Qualified Insurer a comparable replacement insurance policy or bond with a total coverage equal to the then outstanding coverage of the policy or bond. If the cost of the replacement policy is greater than the cost of the existing policy or bond, the coverage of the replacement policy or bond will, unless otherwise agreed to by the depositor, be reduced to a level so that its premium rate does not exceed the premium rate on the original insurance policy. Any losses in market value of the certificates associated with any reduction or withdrawal in rating by an applicable rating agency shall be borne by the certificateholders.

If any property securing a defaulted mortgage loan or contract is damaged and proceeds, if any, from the related hazard insurance policy or any applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy or any related primary insurance policy, the master servicer is not required to expend its own funds to restore the damaged property unless it determines (i) that restoration will increase the proceeds to one or more classes of certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer for its expenses and (ii) that the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds. If recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy, other credit enhancement or any related primary insurance policy is not available because the master servicer has been unable to make the above determinations, has made the determinations incorrectly or recovery is not available for any other reason, the master servicer is nevertheless obligated to follow whatever normal practices and procedures, in accordance with the preceding sentence, that it deems necessary or advisable to realize upon the defaulted mortgage loan and if this determination has been incorrectly made, is entitled to reimbursement of its expenses in connection with the restoration.

Reduction or Substitution of Credit Enhancement

The amount of credit support provided with respect to any series of certificates and relating to various types of losses incurred may be reduced under specified circumstances. In most cases, the amount available as credit support will be subject to periodic reduction on a non-discretionary basis in accordance with a schedule or formula described in the accompanying prospectus supplement. Additionally, in most cases, the credit support may be replaced, reduced or terminated, and the formula used in calculating the amount of coverage with respect to Bankruptcy Losses, Special Hazard Losses or Fraud Losses may be changed, without the consent of the certificateholders, upon the written assurance from each applicable rating agency that the then-current rating of the related series of certificates will not be adversely affected thereby and consent of the related credit enhancer, if applicable.

Furthermore, if the credit rating of any obligor under any applicable credit enhancement is downgraded, the credit rating of each class of the related certificates may be downgraded to a corresponding level, and neither the master servicer, the servicer, the Certificate Administrator nor the depositor will be obligated to obtain replacement credit support in order to restore the rating of the certificates. The master servicer, the servicer or the Certificate Administrator, as applicable, will also be permitted to replace any credit support with other credit enhancement instruments issued by obligors whose credit ratings are equivalent to the downgraded level and in lower amounts that would satisfy the downgraded level, provided that the then-current rating of each class of the related series of certificates is maintained. Where the credit support is in the form of a reserve fund, a permitted reduction in the amount of credit enhancement will result in a release of all or a portion of the assets in the reserve fund to the depositor, the master servicer or any other person that is entitled to the credit support. Any assets so released and any amount by which the credit enhancement is reduced will not be available for distributions in future periods.

OTHER FINANCIAL OBLIGATIONS RELATED TO THE CERTIFICATES

Swaps and Yield Supplement Agreements

The trustee on behalf of the trust may enter into interest rate swaps and related caps, floors and collars to minimize the risk to certificateholders of adverse changes in interest rates, and other yield supplement agreements or similar yield maintenance arrangements that do not involve swap agreements or other notional principal contracts.

An interest rate swap is an agreement between two parties to exchange a stream of interest payments on an agreed hypothetical or “notional” principal amount. No principal amount is exchanged between the counterparties to an interest rate swap. In the typical swap, one party agrees to pay a fixed-rate on a notional principal amount, while the counterparty pays a floating rate based on one or more reference interest rates including the London Interbank Offered Rate, or LIBOR, a specified bank’s prime rate or U.S. Treasury Bill rates. Interest rate swaps also permit counterparties to exchange a floating rate obligation based upon one reference interest rate (such as LIBOR) for a floating rate obligation based upon another referenced interest rate (such as U.S. Treasury Bill rates).

The swap market has grown substantially in recent years with a significant number of banks and financial service firms acting both as principals and as agents utilizing standardized swap documentation. Caps, floors and collars are more recent innovations, and they are less liquid than other swaps.

Yield supplement agreements may be entered into to supplement the interest rate or rates on one or more classes of the certificates of any series.

There can be no assurance that the trust will be able to enter into or offset swaps or enter into yield supplement agreements at any specific time or at prices or on other terms that are advantageous. In addition, although the terms of the swaps and yield supplement agreements may provide for termination under some circumstances, there can be no assurance that the trust will be able to terminate a swap or yield supplement agreement when it would be economically advantageous to the trust to do so.

Purchase Obligations

Some types of mortgage collateral and classes of certificates of any series, as specified in the accompanying prospectus supplement, may be subject to a purchase obligation. The terms and conditions of each purchase obligation, including the purchase price, timing and payment procedure, will be described in the accompanying prospectus supplement. A purchase obligation with respect to mortgage collateral may apply to the mortgage collateral or to the related certificates. Each purchase obligation may be a secured or unsecured obligation of its provider, which may include a bank or other financial institution or an insurance company. Each purchase obligation will be evidenced by an instrument delivered to the trustee for the benefit of the applicable certificateholders of the related series. Each purchase obligation with respect to mortgage collateral will be payable solely to the trustee for the benefit of the certificateholders of the related series. Other purchase obligations may be payable to the trustee or directly to the holders of the certificates to which the obligations relate.

INSURANCE POLICIES ON MORTGAGE LOANS OR CONTRACTS

Each mortgage loan or contract will be required to be covered by a hazard insurance policy (as described below) and, at times, a primary insurance policy. The descriptions of any insurance policies contained in this prospectus or any prospectus supplement and the coverage thereunder do not purport to be complete and are qualified in their entirety by reference to the forms of policies.

Primary Insurance Policies

In general, and except as described below, (i) each mortgage loan having an LTV ratio at origination of over 80%, except in the case of certain borrowers with acceptable credit histories, will be covered by a primary mortgage guaranty insurance policy insuring against default on the mortgage loan up to an amount described in the accompanying prospectus supplement, unless and until the principal balance of the mortgage loan is reduced to a level that would produce an LTV ratio equal to or less than 80%, and (ii) the depositor or Residential Funding Corporation will represent and warrant that, to the best of its knowledge, the mortgage loans are so covered. Alternatively, coverage of the type that would be provided by a primary insurance policy if obtained may be provided by another form of credit enhancement as described in this prospectus under “Description of Credit Enhancement.” However, the foregoing standard may vary significantly depending on the characteristics of the mortgage loans and the applicable underwriting standards. A mortgage loan will not be considered to be an exception to the foregoing standard if no primary insurance policy was obtained at origination but the mortgage loan has amortized to an 80% or less LTV ratio level as of the applicable cut-off date. In most cases, the depositor will have the ability to cancel any primary insurance policy if the LTV ratio of the mortgage loan is reduced to 80% or less (or a lesser specified percentage) based on an appraisal of the mortgaged property after the related closing date or as a result of principal payments that reduce the principal balance of the mortgage loan after the closing date.

Pursuant to recently enacted federal legislation, mortgagors with respect to many residential mortgage loans originated on or after July 29, 1999 will have a right to request the cancellation of any private mortgage insurance policy insuring loans when the outstanding principal amount of the mortgage loan has been reduced or is scheduled to have been reduced to 80% or less of the value of the mortgaged property at the time the mortgage loan was originated. The mortgagor’s right to request the cancellation of the policy is subject to certain

conditions, including (i) the condition that no monthly payment has been thirty days or more past due during the twelve months prior to the cancellation date, and no monthly payment has been sixty days or more past due during the twelve months prior to that period, (ii) there has been no decline in the value of the mortgaged property since the time the mortgage loan was originated and (iii) the mortgaged property is not encumbered by subordinate liens. In addition, any requirement for private mortgage insurance will automatically terminate when the scheduled principal balance of the mortgage loan, based on the original amortization schedule for the mortgage loan, is reduced to 78% or less of the value of the mortgaged property at the time of origination, provided the mortgage loan is current. The legislation requires that mortgagors be provided written notice of their cancellation rights at the origination of the mortgage loans.

If the requirement for private mortgage insurance is not otherwise canceled or terminated in the circumstances described above, it must be terminated no later than the first day of the month immediately following the date that is the midpoint of the loan's amortization period, if, on that date, the borrower is current on the payments required by the terms of the loan. The mortgagee's or servicer's failure to comply with the law could subject such parties to civil money penalties but would not affect the validity or enforceability of the mortgage loan. The law does not preempt any state law regulating private mortgage insurance except to the extent that such law is inconsistent with the federal law and then only to the extent of the inconsistency.

Mortgage loans that are subject to negative amortization will only be covered by a primary insurance policy if that coverage was required upon their origination, notwithstanding that subsequent negative amortization may cause that mortgage loan's LTV ratio, based on the then-current balance, to subsequently exceed the limits that would have required coverage upon their origination.

Primary insurance policies may be required to be obtained and paid for by the mortgagor, or may be paid for by the servicer.

While the terms and conditions of the primary insurance policies issued by one primary mortgage guaranty insurer will usually differ from those in primary insurance policies issued by other primary insurers, each primary insurance policy generally will pay either:

- the insured percentage of the loss on the related mortgaged property;
- the entire amount of the loss, after receipt by the primary insurer of good and merchantable title to, and possession of, the mortgaged property; or
- at the option of the primary insurer under certain primary insurance policies, the sum of the delinquent monthly payments plus any Advances made by the insured, both to the date of the claim payment and, thereafter, monthly payments in the amount that would have become due under the mortgage loan if it had not been discharged plus any Advances made by the insured until the earlier of (a) the date the mortgage loan would have been discharged in full if the default had not occurred or (b) an approved sale.

The amount of the loss as calculated under a primary insurance policy covering a mortgage loan will in most cases consist of the unpaid principal amount of such mortgage loan and accrued and unpaid interest thereon and reimbursement of some expenses, less:

- rents or other payments received by the insured (other than the proceeds of hazard insurance) that are derived from the related mortgaged property;
- hazard insurance proceeds received by the insured in excess of the amount required to restore the mortgaged property and which have not been applied to the payment of the mortgage loan;
- amounts expended but not approved by the primary insurer;
- claim payments previously made on the mortgage loan; and
- unpaid premiums and other amounts.

As conditions precedent to the filing or payment of a claim under a primary insurance policy, in the event of default by the mortgagor, the insured will typically be required, among other things, to:

- advance or discharge (a) hazard insurance premiums and (b) as necessary and approved in advance by the primary insurer, real estate taxes, protection and preservation expenses and foreclosure and related costs;

- in the event of any physical loss or damage to the mortgaged property, have the mortgaged property restored to at least its condition at the effective date of the primary insurance policy (ordinary wear and tear excepted); and
- tender to the primary insurer good and merchantable title to, and possession of, the mortgaged property.

For any certificates offered under this prospectus, the master servicer or servicer will maintain or cause each subservicer to maintain, as the case may be, in full force and effect and to the extent coverage is available a primary insurance policy with regard to each mortgage loan for which coverage is required under the standard described above unless an exception to such standard applies or alternate credit enhancement is provided as described in the accompanying prospectus supplement; provided that the primary insurance policy was in place as of the cut-off date and the depositor had knowledge of such primary insurance policy. If the depositor gains knowledge that as of the closing date, a mortgage loan had an LTV ratio at origination in excess of 80% and was not the subject of a primary insurance policy, and was not included in any exception to its representations or covered by alternate credit enhancement as described in the accompanying prospectus supplement, and that the mortgage loan has a then current LTV ratio in excess of 80%, then the master servicer is required to use its reasonable efforts to obtain and maintain a primary insurance policy to the extent that a policy is obtainable at a reasonable price.

Standard Hazard Insurance on Mortgaged Properties

The terms of the mortgage loans (other than Cooperative Loans) require each mortgagor to maintain a hazard insurance policy covering the related mortgaged property and providing for coverage at least equal to that of the standard form of fire insurance policy with extended coverage customary in the state in which the property is located. Most coverage will be in an amount equal to the lesser of the principal balance of the mortgage loan, the guaranteed replacement value, or 100% of the insurable value of the improvements securing the mortgage loan. The pooling and servicing agreement will provide that the master servicer or servicer shall cause the hazard policies to be maintained or shall obtain a blanket policy insuring against losses on the mortgage loans. The master servicer may satisfy its obligation to cause hazard policies to be maintained by maintaining a blanket policy insuring against losses on those mortgage loans. The ability of the master servicer or servicer to ensure that hazard insurance proceeds are appropriately applied may be dependent on its being named as an additional insured under any hazard insurance policy and under any flood insurance policy referred to below, or upon the extent to which information in this regard is furnished to the master servicer or the servicer by mortgagors or subservicers.

The standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike and civil commotion, in accordance with the conditions and exclusions specified in each policy. The policies relating to the mortgage loans will be underwritten by different insurers under different state laws in accordance with different applicable state forms and therefore will not contain identical terms and conditions, the basic terms of which are dictated by respective state laws. These policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement, including earthquakes, landslides and mudflows, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in some cases, vandalism. The foregoing list is merely indicative of some kinds of uninsured risks and is not intended to be all-inclusive. Where the improvements securing a mortgage loan are located in a federally designated flood area at the time of origination of that mortgage loan, the pooling and servicing agreement typically requires the master servicer or servicer to cause to be maintained for each such mortgage loan serviced, flood insurance, to the extent available, in an amount equal to the lesser of the amount required to compensate for any loss or damage on a replacement cost basis or the maximum insurance available under the federal flood insurance program.

The hazard insurance policies covering the mortgaged properties typically contain a co-insurance clause that in effect requires the related mortgagor at all times to carry insurance of a specified percentage, typically 80% to 90%, of the full replacement value of the improvements on the property in order to recover the full amount of any partial loss. If the related mortgagor's coverage falls below this specified percentage, this clause usually provides that the insurer's liability in the event of partial loss does not exceed the greater of (i) the replacement cost of the improvements damaged or destroyed less physical depreciation or (ii) the proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of the improvements.

Since the amount of hazard insurance that mortgagors are required to maintain on the improvements securing the mortgage loans may decline as the principal balances owing thereon decrease, and since residential properties have historically appreciated in value over time, hazard insurance proceeds could be insufficient to restore fully the damaged property in the event of a partial loss. See "Subordination" above for a description of when subordination is provided, the protection, limited to the Special Hazard Amount as described in the accompanying prospectus supplement, afforded by subordination, and "Description of Credit Enhancement—Special Hazard Insurance Policies" for a description of the limited protection afforded by any special hazard insurance policy against losses occasioned by hazards which are otherwise uninsured against.

Standard Hazard Insurance on Manufactured Homes

The terms of the pooling and servicing agreement will require the servicer or the master servicer, as applicable, to cause to be maintained with respect to each contract one or more standard hazard insurance policies that provide, at a minimum, the same coverage as a standard form fire and extended coverage insurance policy that is customary for manufactured housing, issued by a company authorized to issue the policies in the state in which the manufactured home is located, and in an amount that is not less than the maximum insurable value of the manufactured home or the principal balance due from the mortgagor on the related contract, whichever is less. Coverage may be provided by one or more blanket insurance policies covering losses on the contracts resulting from the absence or insufficiency of individual standard hazard insurance policies. If a manufactured home's location was, at the time of origination of the related contract, within a federally designated flood area, the servicer or the master servicer also will be required to maintain flood insurance.

If the servicer or the master servicer repossesses a manufactured home on behalf of the trustee, the servicer or the master servicer will either maintain at its expense hazard insurance for the manufactured home or indemnify the trustee against any damage to the manufactured home prior to resale or other disposition.

THE DEPOSITOR

The depositor is an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc., which is a wholly-owned subsidiary of General Motors Acceptance Corporation, which is a wholly-owned subsidiary of General Motors Corporation. The depositor is a Delaware corporation incorporated in August 1995. The depositor was organized for the purpose of acquiring "Alt-A" mortgage loans and contracts and depositing these loans and contracts into issuing entities that issue securities backed by such mortgage loans and contracts. The depositor does not engage in any other activities and does not have, nor is it expected in the future to have, any significant assets. The depositor anticipates that it will in many cases have acquired mortgage loans indirectly through Residential Funding Corporation, which is also an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc.

The certificates do not represent an interest in or an obligation of the depositor. The depositor's only obligations with respect to a series of certificates will be to repurchase certain items of mortgage collateral upon any breach of limited representations and warranties made by the depositor.

The depositor maintains its principal office at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. Its telephone number is (952) 857-7000.

RESIDENTIAL FUNDING CORPORATION

Residential Funding Corporation, an affiliate of the depositor, will act as the sponsor and master servicer or Certificate Administrator for each series of certificates, except in the case of a Designated Seller Transaction.

THE POOLING AND SERVICING AGREEMENT

As described in this prospectus under "Introduction" and "Description of the Certificates—General," each series of certificates will be issued under a pooling and servicing agreement as described in that section. The following summaries describe additional provisions common to each pooling and servicing agreement.

Servicing Compensation and Payment of Expenses

Each servicer, the master servicer or the Certificate Administrator, as applicable, will be paid compensation for the performance of its servicing obligations at the percentage per annum described in the accompanying prospectus supplement of the outstanding principal balance of each mortgage loan or contract. Any subservicer will also be entitled to the servicing fee as described in the accompanying prospectus supplement. The servicer or the master servicer, if any, will deduct the servicing fee for the mortgage loans or contracts underlying the certificates of a series in an amount to be specified in the accompanying prospectus supplement. The servicing fees may be fixed or variable. In addition, the master servicer, any servicer or the relevant subservicers, if any, will be entitled to servicing compensation in the form of assumption fees, late payment charges or excess proceeds following disposition of property in connection with defaulted mortgage loans or contracts and any earnings on investments held in the Certificate Account or any Custodial Account, to the extent not applied as Compensating Interest. Any Spread retained by a mortgage collateral seller, the master servicer, or any servicer or subservicer will not constitute part of the servicing fee. Notwithstanding the foregoing, with respect to a series of certificates as to which the trust includes mortgage securities, the compensation payable to the master servicer or Certificate Administrator for servicing and administering such mortgage securities on behalf of the holders of such certificates may be based on a percentage per annum described in the accompanying prospectus supplement of the outstanding balance of such mortgage securities and may be retained from distributions of interest thereon, if stated in the accompanying prospectus supplement. In addition, some reasonable duties of the master servicer may be performed by an affiliate of the master servicer who will be entitled to compensation for performance of those duties.

The master servicer will pay or cause to be paid some of the ongoing expenses associated with each trust and incurred by it in connection with its responsibilities under the pooling and servicing agreement, including, without limitation, payment of any fee or other amount payable for any alternative credit enhancement arrangements, payment of the fees and disbursements of the trustee, any custodian appointed by the trustee, the certificate registrar and any paying agent, and payment of expenses incurred in enforcing the obligations of subservicers and sellers. The master servicer will be entitled to reimbursement of expenses incurred in enforcing the obligations of subservicers and sellers under limited circumstances. In addition, as indicated in the preceding section, the master servicer will be entitled to reimbursements for some of the expenses incurred by it in connection with Liquidated Mortgage Loans and in connection with the restoration of mortgaged properties, such right of reimbursement being prior to the rights of certificateholders to receive any related Liquidation Proceeds, including Insurance Proceeds.

Evidence as to Compliance

Each pooling and servicing agreement will require the master servicer to deliver to the trustee, on or before the date in each year specified in the related pooling and servicing agreement, and, if required, file with the Commission as part of a Report on Form 10-K filed on behalf of each issuing entity, the following documents:

- a report regarding its assessment of compliance during the preceding calendar year with all applicable servicing criteria set forth in relevant Commission regulations with respect to asset-backed securities transactions taken as a whole involving the master servicer that are backed by the same types of assets as those backing the certificates, as well as similar reports on assessment of compliance received from certain other parties participating in the servicing function as required by relevant Commission regulations;
- with respect to each assessment report described immediately above, a report by a registered public accounting firm that attests to, and reports on, the assessment made by the asserting party, as set forth in relevant Commission regulations; and
- a servicer compliance certificate, signed by an authorized officer of the master servicer, to the effect that:
- A review of the master servicer’s activities during the reporting period and of its performance under the applicable pooling and servicing agreement has been made under such officer’s supervision; and

- To the best of such officer's knowledge, based on such review, the master servicer has fulfilled all of its obligations under the pooling and servicing agreement in all materials respects throughout the reporting period or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof.

The master servicer's obligation to deliver to the trustee any assessment or attestation report described above and, if required, to file the same with the Commission, is limited to those reports prepared by the master servicer and, in the case of reports prepared by any other party, those reports actually received by the master servicer on or before March 31 in each year. In addition, each servicer or subservicer participating in the servicing function with respect to more than 5% of the mortgage loans will provide the foregoing assessment reports with respect to itself and each servicer or subservicer of at least 10% of the mortgage loans will provide the compliance certificate described above with respect to its servicing activities.

Furthermore, if any trust includes mortgage securities, either the related prospectus supplement will specify how to locate Exchange Act reports relating to such mortgage securities or the required information will be provided in such trust's Exchange Act reports while it is a reporting entity.

Certain Other Matters Regarding Servicing

Each servicer, the master servicer or the Certificate Administrator, as applicable, may not resign from its obligations and duties under the related pooling and servicing agreement unless each rating agency has confirmed in writing that the resignation will not qualify, reduce or cause to be withdrawn the then current ratings on the certificates except upon a determination that its duties thereunder are no longer permissible under applicable law. No resignation will become effective until the trustee or a successor servicer or administrator has assumed the servicer's, the master servicer's or the Certificate Administrator's obligations and duties under the related pooling and servicing agreement.

Each pooling and servicing agreement will also provide that neither the servicer, the master servicer or the Certificate Administrator, nor any director, officer, employee or agent of the master servicer or the depositor, will be under any liability to the trust or the certificateholders for any action taken or for refraining from taking any action in good faith under the pooling and servicing agreement, or for errors in judgment. However, neither the servicer, the master servicer or the Certificate Administrator nor any such person will be protected against any liability that would otherwise be imposed by reason of the failure to perform its obligations in compliance with any standard of care described in the pooling and servicing agreement. The servicer, the master servicer or the Certificate Administrator, as applicable, may, in its discretion, undertake any action that it may deem necessary or desirable for the pooling and servicing agreement and the rights and duties of the parties thereto and the interest of the related certificateholders. The legal expenses and costs of the action and any liability resulting therefrom will be expenses, costs and liabilities of the trust and the servicer, the master servicer or the Certificate Administrator will be entitled to be reimbursed out of funds otherwise distributable to certificateholders.

The master servicer will be required to maintain a fidelity bond and errors and omissions policy for its officers and employees and other persons acting on behalf of the master servicer in connection with its activities under the pooling and servicing agreement.

A servicer, the master servicer or the Certificate Administrator may have other business relationships with the company, any mortgage collateral seller or their affiliates.

Events of Default

Events of default under the pooling and servicing agreement for a series of certificates will include:

- any failure by the servicer, if the servicer is a party to the pooling and servicing agreement, or master servicer to make a required deposit to the Certificate Account or, if the master servicer is the paying agent, to distribute to the holders of any class of certificates of that series any required payment which continues unremedied for five days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer, the depositor and the trustee by the holders of certificates of such class evidencing not less than 25% of the aggregate percentage interests constituting that class;

- any failure by the master servicer or Certificate Administrator, as applicable, duly to observe or perform in any material respect any other of its covenants or agreements in the pooling and servicing agreement with respect to that series of certificates which continues unremedied for 30 days, or 15 days in the case of a failure to pay the premium for any insurance policy which is required to be maintained under the pooling and servicing agreement, after the giving of written notice of the failure to the master servicer or Certificate Administrator, as applicable, by the trustee or the depositor, or to the master servicer, the Certificate Administrator, the depositor and the trustee by the holders of any class of certificates of that series evidencing not less than 25%, or 33% in the case of a trust including mortgage securities, of the aggregate percentage interests constituting that class; and
- some events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings regarding the master servicer or the Certificate Administrator and certain actions by the master servicer or the Certificate Administrator indicating its insolvency or inability to pay its obligations.

A default under the terms of any mortgage securities included in any trust will not constitute an event of default under the related pooling and servicing agreement.

Rights Upon Event of Default

So long as an event of default remains unremedied, either the depositor or the trustee may, and, at the direction of the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust, the trustee shall, by written notification to the master servicer or the Certificate Administrator, as applicable, and to the depositor or the trustee, terminate all of the rights and obligations of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than any rights of the master servicer or the Certificate Administrator as certificateholder, covering the trust and in and to the mortgage collateral and the proceeds thereof, whereupon the trustee or, upon notice to the depositor and with the depositor's consent, its designee will succeed to all responsibilities, duties and liabilities of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than the obligation to purchase mortgage loans under some circumstances, and will be entitled to similar compensation arrangements. If a series of certificates includes credit enhancement provided by a third party credit enhancer, certain of the foregoing rights may be provided to the credit enhancer rather than the certificateholders, if so specified in the applicable prospectus supplement. If the trustee would be obligated to succeed the master servicer but is unwilling so to act, it may appoint or if it is unable so to act, it shall appoint or petition a court of competent jurisdiction for the appointment of, a Fannie Mae- or Freddie Mac-approved mortgage servicing institution with a net worth of at least $10,000,000 to act as successor to the master servicer under the pooling and servicing agreement, unless otherwise described in the pooling and servicing agreement. Pending appointment, the trustee is obligated to act in that capacity. The trustee and such successor may agree upon the servicing compensation to be paid, which in no event may be greater than the compensation to the initial master servicer or the Certificate Administrator under the pooling and servicing agreement. The master servicer is required to reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith.

No certificateholder will have any right under a pooling and servicing agreement to institute any proceeding with respect to the pooling and servicing agreement unless the holder previously has given to the trustee written notice of default and the continuance thereof and unless the holders of certificates of any class evidencing not less than 25% of the aggregate percentage interests constituting that class have made written request upon the trustee to institute the proceeding in its own name as trustee thereunder and have offered to the trustee reasonable indemnity and the trustee for 60 days after receipt of the request and indemnity has neglected or refused to institute any proceeding. However, the trustee will be under no obligation to exercise any of the trusts or powers vested in it by the pooling and servicing agreement or to institute, conduct or defend any litigation thereunder or in relation thereto at the request, order or direction of any of the holders of certificates covered by the pooling and servicing agreement, unless the certificateholders have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

Amendment

Each pooling and servicing agreement may be amended by the depositor, the master servicer, the Certificate Administrator or any servicer, as applicable, and the trustee, without the consent of the related certificateholders:

- to cure any ambiguity;
- to correct or supplement any provision therein which may be inconsistent with any other provision therein or to correct any error;
- to change the timing and/or nature of deposits in the Custodial Account or the Certificate Account or to change the name in which the Custodial Account is maintained, except that (a) deposits to the Certificate Account may not occur later than the related distribution date, (b) the change may not adversely affect in any material respect the interests of any certificateholder, as evidenced by an opinion of counsel, and (c) the change may not adversely affect the then-current rating of any rated classes of certificates, as evidenced by a letter from each applicable rating agency;
- if an election to treat the related trust as a "real estate mortgage investment conduit," or REMIC, has been made, to modify, eliminate or add to any of its provisions (a) to the extent necessary to maintain the qualification of the trust as a REMIC or to avoid or minimize the risk of imposition of any tax on the related trust, provided that the trustee has received an opinion of counsel to the effect that (1) the action is necessary or desirable to maintain qualification or to avoid or minimize that risk, and (2) the action will not adversely affect in any material respect the interests of any related certificateholder, or (b) to modify the provisions regarding the transferability of the REMIC residual certificates, provided that the depositor has determined that the change would not adversely affect the applicable ratings of any classes of the certificates, as evidenced by a letter from each applicable rating agency, and that any such amendment will not give rise to any tax with respect to the transfer of the REMIC residual certificates to a non-permitted transferee;
- to make any other provisions with respect to matters or questions arising under the pooling and servicing agreement which are not materially inconsistent with its provisions, so long as the action will not adversely affect in any material respect the interests of any certificateholder; or
- to amend any provision that is not material to holders of any class of related certificates.

The pooling and servicing agreement may also be amended by the depositor, the master servicer, Certificate Administrator or servicer, as applicable, and the trustee with the consent of the holders of certificates of each class affected thereby evidencing, in each case, not less than 66% of the aggregate percentage interests constituting that class for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the pooling and servicing agreement or of modifying in any manner the rights of the related certificateholders, except that no such amendment may (i) reduce in any manner the amount of, or delay the timing of, payments received on mortgage collateral which are required to be distributed on a certificate of any class without the consent of the holder of the certificate or (ii) reduce the percentage of certificates of any class the holders of which are required to consent to any such amendment unless the holders of all certificates of that class have consented to the change in the percentage. Furthermore, the applicable prospectus supplement will describe any rights a third party credit enhancer may have with respect to amendments to the pooling and servicing agreement.

Notwithstanding the foregoing, if a REMIC election has been made with respect to the related trust, the trustee will not be entitled to consent to any amendment to a pooling and servicing agreement without having first received an opinion of counsel to the effect that the amendment or the exercise of any power granted to the master servicer, the Certificate Administrator, servicer, the depositor or the trustee in accordance with the amendment will not result in the imposition of a tax on the related trust or cause the trust to fail to qualify as a REMIC.

Termination; Retirement of Certificates

The primary obligations created by the pooling and servicing agreement for each series of certificates will terminate upon the payment to the related certificateholders of all amounts held in the Certificate Account or by the master servicer or any servicer and required to be paid to the certificateholders following the earlier of

- the final payment or other liquidation or disposition, or any Advance with respect thereto, of the last item of mortgage collateral subject thereto and all property acquired upon foreclosure or deed in lieu of foreclosure of any mortgage loan or contract and
- the purchase by the master servicer or the servicer from the trust for such series of all remaining mortgage collateral and all property acquired from the mortgage collateral.

Any option to purchase described in the second item above will be limited to cases in which the aggregate Stated Principal Balance of the remaining mortgage loans is less than or equal to ten percent (10%) of the initial aggregate Stated Principal Balance of the mortgage loans or such other time as may be specified in the accompanying prospectus supplement. If the holder of a class of certificates may terminate the trust and cause the outstanding certificates to be redeemed when 25% or more of the initial principal balance of the certificates is still outstanding, the term "callable" will be included in the title of the related certificates. In addition to the foregoing, the master servicer or the servicer may have the option to purchase, in whole but not in part, the certificates specified in the accompanying prospectus supplement in the manner described in the accompanying prospectus supplement. Following the purchase of such certificates, the master servicer or the servicer will effect a retirement of the certificates and the termination of the trust. Written notice of termination of the pooling and servicing agreement will be given to each certificateholder, and the final distribution will be made only upon surrender and cancellation of the certificates at an office or agency appointed by the trustee which will be specified in the notice of termination.

Any purchase described in the preceding paragraph of mortgage collateral and property acquired relating to the mortgage collateral evidenced by a series of certificates shall be made at the option of the master servicer or the servicer at the price specified in the accompanying prospectus supplement. The exercise of that right will effect early retirement of the certificates of that series, but the right of any entity to purchase the mortgage collateral and related property will be in accordance with the criteria, and will be at the price, described in the accompanying prospectus supplement. Early termination in this manner may adversely affect the yield to holders of some classes of the certificates. If a REMIC election has been made, the termination of the related trust will be effected in a manner consistent with applicable federal income tax regulations and its status as a REMIC.

In addition to the optional repurchase of the property in the related trust, if stated in the accompanying prospectus supplement, a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. The Call Class will not be offered under the prospectus supplement. Any such call will be of the entire trust at one time; multiple calls with respect to any series of certificates will not be permitted. In the case of a call, the holders of the certificates will be paid a price equal to the Call Price. To exercise the call, the Call certificateholder must remit to the related trustee for distribution to the certificateholders, funds equal to the Call Price. If those funds are not deposited with the related trustee, the certificates of that series will remain outstanding. In addition, in the case of a trust for which a REMIC election or elections have been made, this termination will be effected in a manner consistent with applicable Federal income tax regulations and its status as a REMIC. In connection with a call by the holder of a Call Certificate, the final payment to the certificateholders will be made upon surrender of the related certificates to the trustee. Once the certificates have been surrendered and paid in full, there will not be any further liability to certificateholders.

The Trustee

The trustee under each pooling and servicing agreement will be named in the accompanying prospectus supplement. The commercial bank or trust company serving as trustee may have normal banking relationships with the depositor and/or its affiliates, including Residential Funding Corporation.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

YIELD CONSIDERATIONS

The yield to maturity of a certificate will depend on the price paid by the holder for the certificate, the pass-through rate on any certificate entitled to payments of interest, which pass-through rate may vary if stated in the accompanying prospectus supplement, and the rate and timing of principal payments, including prepayments, defaults, liquidations and repurchases, on the mortgage collateral and the allocation thereof to reduce the principal balance of the certificate or its notional amount, if applicable.

In general, defaults on mortgage loans and manufactured housing contracts are expected to occur with greater frequency in their early years. Mortgage loans or contracts may have been originated using underwriting standards that are less stringent than the underwriting standards applied by other first mortgage loan purchase programs, such as those run by Fannie Mae or Freddie Mac or by the company's affiliate, Residential Funding Corporation, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. The rate of default on refinance, limited documentation, stated documentation or no documentation mortgage loans, and on mortgage loans or manufactured housing contracts with higher LTV ratios may be higher than for other types of mortgage loans or manufactured housing contracts. Likewise, the rate of default on mortgage loans or manufactured housing contracts that are secured by investment properties or mortgaged properties with smaller or larger parcels of land or mortgage loans that are made to international borrowers may be higher than on other mortgage loans or manufactured housing contracts.

In addition, the rate and timing of prepayments, defaults and liquidations on the mortgage loans or contracts will be affected by the general economic condition of the region of the country or the locality in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. The risk of loss may also be greater on mortgage loans or contracts with LTV ratios greater than 80% and no primary insurance policies. In addition, manufactured homes may decline in value even in areas where real estate values generally have not declined. The yield on any class of certificates and the timing of principal payments on that class may also be affected by modifications or actions that may be approved by the master servicer or a Special Servicer as described in this prospectus under "Description of the Certificates—Servicing and Administration of Mortgage Collateral," in connection with a mortgage loan or contract that is in default, or if a default is reasonably foreseeable.

The risk of loss on Interest Only Loans may be greater than on loans that require a borrower to pay principal and interest throughout the term of the loan from origination. See "The Trusts—The Mortgage Loans—Interest Only Loans."

The risk of loss on mortgage loans made on Puerto Rico mortgage loans may be greater than on mortgage loans that are made to mortgagors who are United States residents and citizens or that are secured by properties located in the United States. See "Certain Legal Aspects of Mortgage Loans and Contracts."

To the extent that any document relating to a mortgage loan or contract is not in the possession of the trustee, the deficiency may make it difficult or impossible to realize on the mortgaged property in the event of foreclosure, which will affect the amount of Liquidation Proceeds received by the trustee. See "Description of the Certificates—Assignment of Mortgage Loans" and "—Assignment of Contracts."

The amount of interest payments with respect to each item of mortgage collateral distributed monthly to holders of a class of certificates entitled to payments of interest will be calculated, or accrued in the case of deferred interest or accrual certificates, on the basis of that class's specified percentage of each payment of interest, or accrual in the case of accrual certificates, and will be expressed as a fixed, adjustable or variable pass-through rate payable on the outstanding principal balance or notional amount of the certificate, or any combination of pass-through rates, calculated as described in this prospectus and in the accompanying prospectus supplement under "Description of the Certificates—Distributions." Holders of strip certificates or a class of certificates having a pass-through rate that varies based on the weighted average interest rate of the underlying mortgage collateral will be affected by disproportionate prepayments and repurchases of mortgage collateral having higher net interest rates or higher rates applicable to the strip certificates, as applicable.

The effective yield to maturity to each holder of certificates entitled to payments of interest will be below that otherwise produced by the applicable pass-through rate and purchase price of the certificate because, while interest will accrue on each mortgage loan or contract from the first day of each month, the distribution of interest

will be made on the 25th day or, if the 25th day is not a business day, the next succeeding business day, of the month following the month of accrual or, in the case of a trust including mortgage securities, such other day that is specified in the accompanying prospectus supplement.

A class of certificates may be entitled to payments of interest at a fixed, variable or adjustable pass-through rate, or any combination of pass-through rates, each as specified in the accompanying prospectus supplement. A variable pass-through rate may be calculated based on the weighted average of the Net Mortgage Rates, net of servicing fees and any Spread, of the related mortgage collateral for the month preceding the distribution date. An adjustable pass-through rate may be calculated by reference to an index or otherwise.

The aggregate payments of interest on a class of certificates, and the yield to maturity thereon, will be affected by the rate of payment of principal on the certificates, or the rate of reduction in the notional amount of certificates entitled to payments of interest only, and, in the case of certificates evidencing interests in ARM loans, by changes in the Net Mortgage Rates on the ARM loans. See "Maturity and Prepayment Considerations" below. The yield on the certificates will also be affected by liquidations of mortgage loans or contracts following mortgagor defaults, optional repurchases and by purchases of mortgage collateral in the event of breaches of representations made for the mortgage collateral by the depositor, the master servicer and others, or conversions of ARM loans to a fixed interest rate. See "The Trusts—Representations with Respect to Mortgage Collateral."

In general, if a certificate is purchased at a premium over its face amount and payments of principal on the related mortgage collateral occur at a rate faster than anticipated at the time of purchase, the purchaser's actual yield to maturity will be lower than that assumed at the time of purchase. On the other hand, if a class of certificates is purchased at a discount from its face amount and payments of principal on the related mortgage collateral occur at a rate slower than anticipated at the time of purchase, the purchaser's actual yield to maturity will be lower than assumed. The effect of Principal Prepayments, liquidations and purchases on yield will be particularly significant in the case of a class of certificates entitled to payments of interest only or disproportionate payments of interest. In addition, the total return to investors of certificates evidencing a right to distributions of interest at a rate that is based on the weighted average Net Mortgage Rate of the mortgage collateral from time to time will be adversely affected by Principal Prepayments on mortgage collateral with mortgage rates higher than the weighted average mortgage rate on the mortgage collateral. In general, mortgage loans or manufactured housing contracts with higher mortgage rates prepay at a faster rate than mortgage loans or manufactured housing contracts with lower mortgage rates. In some circumstances, rapid prepayments may result in the failure of the holders to recoup their original investment. In addition, the yield to maturity on other types of classes of certificates, including accrual certificates, certificates with a pass-through rate that fluctuates inversely with or at a multiple of an index or other classes in a series including more than one class of certificates, may be relatively more sensitive to the rate of prepayment on the related mortgage collateral than other classes of certificates.

The timing of changes in the rate of principal payments on or repurchases of the mortgage collateral may significantly affect an investor's actual yield to maturity, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In general, the earlier a prepayment of principal on the mortgage collateral or a repurchase of mortgage collateral, the greater will be the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments and repurchases occurring at a rate higher or lower than the rate anticipated by the investor during the period immediately following the issuance of a series of certificates would not be fully offset by a subsequent like reduction or increase in the rate of principal payments.

When a full prepayment is made on a mortgage loan, the mortgagor is charged interest on the principal amount of the mortgage loan so prepaid for the number of days in the month actually elapsed up to the date of the prepayment. A partial prepayment of principal is applied so as to reduce the outstanding principal balance of the related mortgage loan or contract as of the first day of the month in which the partial prepayment is received. As a result, the effect of a Principal Prepayment on a mortgage loan or contract will be to reduce the amount of interest distributed to holders of certificates on the related distribution date, if such distribution date occurs in the following calendar month, by an amount of up to one month's interest at the applicable pass-through rate or Net Mortgage Rate, as the case may be, on the prepaid amount, if such shortfall is not covered by Compensating Interest. See "Description of the Certificates—Prepayment Interest Shortfalls." Partial Principal Prepayments will

be distributed on the distribution date in the month following receipt. Principal Prepayments in full received during a Prepayment Period will be distributed on the distribution date in the month in which such Prepayment Period ends. See "Maturity and Prepayment Considerations."

For some ARM loans, the mortgage rate at origination may be below the rate that would result if the index and margin relating thereto were applied at origination. Under the applicable underwriting standards, the mortgagor under each mortgage loan or contract usually will be qualified on the basis of the mortgage rate in effect at origination. The repayment of any such mortgage loan or contract may thus be dependent on the ability of the mortgagor to make larger monthly payments following the adjustment of the mortgage rate. In addition, the periodic increase in the amount paid by the mortgagor of a Buy-Down Mortgage Loan during or at the end of the applicable Buy-Down Period may create a greater financial burden for the mortgagor, who might not have otherwise qualified for a mortgage under the applicable underwriting guidelines, and may accordingly increase the risk of default with respect to the related mortgage loan.

The mortgage rates on ARM loans that are subject to negative amortization typically adjust monthly and their amortization schedules adjust less frequently. Because initial mortgage rates are typically lower than the sum of the indices applicable at origination and the related Note Margins, during a period of rising interest rates as well as immediately after origination, the amount of interest accruing on the principal balance of those mortgage loans may exceed the amount of the scheduled monthly payment. As a result, a portion of the accrued interest on negatively amortizing mortgage loans may become deferred interest which will be added to their principal balance and will bear interest at the applicable mortgage rate.

The addition of any deferred interest to the principal balance of any related class of certificates will lengthen the weighted average life of that class of certificates and may adversely affect yield to holders of those certificates. In addition, for ARM loans that are subject to negative amortization, during a period of declining interest rates, it might be expected that each scheduled monthly payment on such a mortgage loan would exceed the amount of scheduled principal and accrued interest on its principal balance, and since the excess will be applied to reduce the principal balance of the related class or classes of certificates, the weighted average life of those certificates will be reduced and may adversely affect yield to holders thereof.

If stated in the accompanying prospectus supplement, a trust may contain GPM Loans or Buy-Down Mortgage Loans that have monthly payments that increase during the first few years following origination. Mortgagors generally will be qualified for such loans on the basis of the initial monthly payment. To the extent that the related mortgagor's income does not increase at the same rate as the monthly payment, such a loan may be more likely to default than a mortgage loan with level monthly payments.

If credit enhancement for a series of certificates is provided by a letter of credit, insurance policy or bond that is issued or guaranteed by an entity that suffers financial difficulty, such credit enhancement may not provide the level of support that was anticipated at the time an investor purchased its certificate. In the event of a default under the terms of a letter of credit, insurance policy or bond, any Realized Losses on the mortgage collateral not covered by the credit enhancement will be applied to a series of certificates in the manner described in the accompanying prospectus supplement and may reduce an investor's anticipated yield to maturity.

The accompanying prospectus supplement may describe other factors concerning the mortgage collateral securing a series of certificates or the structure of such series that will affect the yield on the certificates.

MATURITY AND PREPAYMENT CONSIDERATIONS

As indicated above under "The Trusts," the original terms to maturity of the mortgage collateral in a given trust will vary depending upon the type of mortgage collateral included in the trust. The prospectus supplement for a series of certificates will contain information with respect to the types and maturities of the mortgage collateral in the related trust. The prepayment experience, the timing and rate of repurchases and the timing and amount of liquidations with respect to the related mortgage loans or contracts will affect the life and yield of the related series of certificates.

If the pooling and servicing agreement for a series of certificates provides for a Funding Account or other means of funding the transfer of additional mortgage loans to the related trust, as described under "Description of the Certificates—Funding Account," and the trust is unable to acquire any additional mortgage loans within any applicable time limit, the amounts set aside for such purpose may be applied as principal distributions on one or more classes of certificates of such series.

Prepayments on mortgage loans and manufactured housing contracts are commonly measured relative to a prepayment standard or model. The prospectus supplement for each series of certificates may describe one or more prepayment standard or model and may contain tables setting forth the projected yields to maturity on each class of certificates or the weighted average life of each class of certificates and the percentage of the original principal amount of each class of certificates of that series that would be outstanding on specified payment dates for the series based on the assumptions stated in the accompanying prospectus supplement, including assumptions that prepayments on the mortgage collateral are made at rates corresponding to various percentages of the prepayment standard or model. There is no assurance that prepayment of the mortgage loans underlying a series of certificates will conform to any level of the prepayment standard or model specified in the accompanying prospectus supplement.

The following is a list of factors that may affect prepayment experience:

- homeowner mobility;
- economic conditions;
- changes in mortgagors' housing needs;
- job transfers;
- unemployment;
- mortgagors' equity in the properties securing the mortgages;
- servicing decisions;
- enforceability of due-on-sale clauses;
- mortgage market interest rates;
- mortgage recording taxes;
- solicitations and the availability of mortgage funds; and
- the obtaining of secondary financing by the mortgagor.

All statistics known to the depositor that have been compiled with respect to prepayment experience on mortgage loans indicate that while some mortgage loans may remain outstanding until their stated maturities, a substantial number will be paid prior to their respective stated maturities. The rate of prepayment with respect to conventional fixed-rate mortgage loans has fluctuated significantly in recent years. In general, however, if prevailing interest rates fall significantly below the mortgage rates on the mortgage loans or contracts underlying a series of certificates, the prepayment rate of such mortgage loans or contracts is likely to be higher than if prevailing rates remain at or above the rates borne by those mortgage loans or contracts. The depositor is not aware of any historical prepayment experience with respect to mortgage loans secured by properties located in Puerto Rico or with respect to manufactured housing contracts and, accordingly, prepayments on such loans or contracts may not occur at the same rate or be affected by the same factors as more traditional mortgage loans.

Risk of prepayment on Interest Only Loans may be greater because borrowers may decide to refinance before the expiration of the interest-only period. See "The Trusts—The Mortgage Loans—Interest Only Loans."

To the extent that losses on the contracts are not covered by any credit enhancement, holders of the certificates of a series evidencing interests in the contracts will bear all risk of loss resulting from default by mortgagors and will have to look primarily to the value of the manufactured homes, which generally depreciate in value, for recovery of the outstanding principal and unpaid interest of the defaulted contracts. See "The Trusts—The Contracts."

The accompanying prospectus supplement will specify whether the mortgage loans contain due-on-sale provisions permitting the mortgagee to accelerate the maturity of the mortgage loan upon sale or some transfers by the mortgagor of the underlying mortgaged property. The master servicer will enforce any due-on-sale clause to the extent it has knowledge of the conveyance or proposed conveyance of the underlying mortgaged property and it is entitled to do so under applicable law, provided, however, that the master servicer will not take any action in relation to the enforcement of any due-on-sale provision which would adversely affect or jeopardize coverage under any applicable insurance policy.

An ARM loan is assumable, in some circumstances, if the proposed transferee of the related mortgaged property establishes its ability to repay the mortgage loan and, in the reasonable judgment of the master servicer or the related subservicer, the security for the ARM loan would not be impaired by the assumption. The extent to which ARM loans are assumed by purchasers of the mortgaged properties rather than prepaid by the related mortgagors in connection with the sales of the mortgaged properties will affect the weighted average life of the related series of certificates. See "Description of the Certificates — Servicing and Administration of Mortgage Collateral — Enforcement of 'Due-on-Sale' Clauses" and "Certain Legal Aspects of Mortgage Loans and Contracts — The Mortgage Loans — Enforceability of Certain Provisions" and "—The Contracts" for a description of provisions of each pooling and servicing agreement and legal developments that may affect the prepayment rate of mortgage loans or contracts.

In addition, some mortgage securities included in a mortgage pool may be backed by underlying mortgage loans having differing interest rates. Accordingly, the rate at which principal payments are received on the related certificates will, to some extent, depend on the interest rates on the underlying mortgage loans.

Some types of mortgage collateral included in a trust may have characteristics that make it more likely to default than collateral provided for mortgage pass-through certificates from other mortgage purchase programs. The depositor anticipates including in mortgage collateral pools "limited documentation," "stated documentation" and "no documentation" mortgage loans and contracts, Puerto Rico mortgage loans and mortgage loans and contracts that were made to international borrowers, that are secured by investment properties and that have other characteristics not present in those programs. Such mortgage collateral may be susceptible to a greater risk of default and liquidation than might otherwise be expected by investors in the related certificates.

The mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty, although a portion of the mortgage loans provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment. Some states' laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. As a result, it is possible that prepayment charges may not be collected even on mortgage loans that provide for the payment of these charges.

A servicer may allow the refinancing of a mortgage loan in any trust by accepting prepayments thereon and permitting a new loan to the same borrower secured by a mortgage on the same property, which may be originated by the servicer or the master servicer or any of their respective affiliates or by an unrelated entity. In the event of a refinancing, the new loan would not be included in the related trust and, therefore, the refinancing would have the same effect as a prepayment in full of the related mortgage loan. A servicer or the master servicer may, from time to time, implement programs designed to encourage refinancing. These programs may include, without limitation, modifications of existing loans, general or targeted solicitations, the offering of pre-approved applications, reduced origination fees or closing costs, or other financial incentives. Targeted solicitations may be based on a variety of factors, including the credit of the borrower or the location of the mortgaged property. In addition, servicers or the master servicer may encourage assumption of mortgage loans, including defaulted mortgage loans, under which creditworthy borrowers assume the outstanding indebtedness of the mortgage loans, which may be removed from the related mortgage pool. As a result of these programs, with respect to the mortgage pool underlying any trust (i) the rate of Principal Prepayments of the mortgage loans in the mortgage pool may be higher than would otherwise be the case, and (ii) in some cases, the average credit or collateral quality of the mortgage loans remaining in the mortgage pool may decline.

While most manufactured housing contracts will contain "due-on-sale" provisions permitting the holder of the contract to accelerate the maturity of the contract upon conveyance by the mortgagor, the master servicer, servicer or subservicer, as applicable, may permit proposed assumptions of contracts where the proposed buyer of the manufactured home meets the underwriting standards described above. Such assumption would have the effect of extending the average life of the contract.

Although the mortgage rates on ARM loans will be subject to periodic adjustments, the adjustments generally will:

- not increase or decrease the mortgage rates by more than a fixed percentage amount on each adjustment date;

- not increase the mortgage rates over a fixed percentage amount during the life of any ARM loan; and
- be based on an index, which may not rise and fall consistently with mortgage interest rates, plus the related Gross Margin, which may be different from margins being used for newly originated adjustable-rate mortgage loans.

As a result, the mortgage rates on the ARM loans in a trust at any time may not equal the prevailing rates for similar, newly originated adjustable-rate mortgage loans. In some rate environments, the prevailing rates on fixed-rate mortgage loans may be sufficiently low in relation to the then-current mortgage rates on ARM loans that the rate of prepayment may increase as a result of refinancings. There can be no certainty as to the rate of prepayments on the mortgage collateral during any period or over the life of any series of certificates.

No assurance can be given that the value of the mortgaged property securing a mortgage loan or contract has remained or will remain at the level existing on the date of origination. If the residential real estate market should experience an overall decline in property values such that the outstanding balances of the mortgage loans or contracts and any secondary financing on the mortgaged properties in a particular mortgage pool or contract pool become equal to or greater than the value of the mortgaged properties, the actual rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. The value of property securing Cooperative Loans and the delinquency rates for Cooperative Loans could be adversely affected if the current favorable tax treatment of cooperative tenant stockholders were to become less favorable. See "Certain Legal Aspects of Mortgage Loans and Contracts." In addition, even where values of mortgaged properties generally remain constant, manufactured homes typically depreciate in value.

To the extent that losses resulting from delinquencies, losses and foreclosures or repossession of mortgaged property for mortgage loans or contracts included in a trust for a series of certificates are not covered by the methods of credit enhancement described in this prospectus under "Description of Credit Enhancement" or in the accompanying prospectus supplement, the losses will be borne by holders of the certificates of the related series. Even where credit enhancement covers all Realized Losses resulting from delinquency and foreclosure or repossession, the effect of foreclosures and repossessions may be to increase prepayment experience on the mortgage collateral, thus reducing average weighted life and affecting yield to maturity. See "Yield Considerations."

Under some circumstances, the master servicer or a servicer may have the option to purchase the mortgage loans in a trust. See "The Pooling and Servicing Agreement—Termination; Retirement of Certificates." Any repurchase will shorten the weighted average lives of the related certificates. Furthermore, as described under "The Pooling and Servicing Agreement—Termination; Retirement of Certificates," a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. Any such termination will shorten the weighted average lives of the related certificates.

CERTAIN LEGAL ASPECTS OF MORTGAGE LOANS AND CONTRACTS

The following discussion contains summaries of some legal aspects of mortgage loans and manufactured housing contracts that are general in nature. Because these legal aspects are governed in part by state law, which laws may differ substantially from state to state, the summaries do not purport to be complete, to reflect the laws of any particular state or to encompass the laws of all states in which the mortgaged properties may be situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the mortgage loans.

The Mortgage Loans

General

The mortgage loans, other than Cooperative Loans, will be secured by deeds of trust, mortgages or deeds to secure debt depending upon the prevailing practice in the state in which the related mortgaged property is located. In some states, a mortgage, deed of trust or deed to secure debt creates a lien upon the related real property. In other states, the mortgage, deed of trust or deed to secure debt conveys legal title to the property to the mortgagee

subject to a condition subsequent, for example, the payment of the indebtedness secured thereby. These instruments are not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers. Priority with respect to these instruments depends on their terms and in some cases on the terms of separate subordination or inter-creditor agreements, and generally on the order of recordation of the mortgage deed of trust or deed to secure debt in the appropriate recording office.

There are two parties to a mortgage, the mortgagor, who is the borrower and homeowner, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. In some states, three parties may be involved in a mortgage financing when title to the property is held by a land trustee under a land trust agreement of which the borrower is the beneficiary; at origination of a mortgage loan, the land trustee, as fee owner of the property, executes the mortgage and the borrower executes a separate undertaking to make payments on the mortgage note. Although a deed of trust is similar to a mortgage, a deed of trust has three parties: the grantor, who is the borrower/homeowner; the beneficiary, who is the lender; and a third-party grantee called the trustee. Under a deed of trust, the borrower grants the mortgaged property to the trustee, irrevocably until satisfaction of the debt. A deed to secure debt typically has two parties, under which the borrower, or grantor, conveys title to the real property to the grantee, or lender, typically with a power of sale, until the time when the debt is repaid. The trustee's authority under a deed of trust and the mortgagee's or grantee's authority under a mortgage or a deed to secure debt, as applicable, are governed by the law of the state in which the real property is located, the express provisions of the deed of trust, mortgage or deed to secure debt and, in some deed of trust transactions, the directions of the beneficiary.

Cooperative Loans

If specified in the prospectus supplement relating to a series of certificates, the mortgage loans may include Cooperative Loans. Each Cooperative Note evidencing a Cooperative Loan will be secured by a security interest in shares issued by the Cooperative that owns the related apartment building, which is a corporation entitled to be treated as a housing cooperative under federal tax law, and in the related proprietary lease or occupancy agreement granting exclusive rights to occupy a specific dwelling unit in the Cooperative's building. The security agreement will create a lien upon, or grant a security interest in, the Cooperative shares and proprietary leases or occupancy agreements, the priority of which will depend on, among other things, the terms of the particular security agreement as well as the order of recordation of the agreement, or the filing of the financing statements related thereto, in the appropriate recording office or the taking of possession of the Cooperative shares, depending on the law of the state in which the Cooperative is located. This type of lien or security interest is not, in general, prior to liens in favor of the cooperative corporation for unpaid assessments or common charges. This type of lien or security interest is not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers.

The accompanying prospectus supplement will specify the geographic location of the collateral for Cooperative Loans. In general, all Cooperative buildings relating to the Cooperative Loans are located in the State of New York. In most cases, each Cooperative owns in fee or has a leasehold interest in all the real property and owns in fee or leases the building and all separate dwelling units therein. The Cooperative is directly responsible for property management and, in most cases, payment of real estate taxes, other governmental impositions and hazard and liability insurance. If there is an underlying mortgage or mortgages on the Cooperative's building or underlying land, as is typically the case, or an underlying lease of the land, as is the case in some instances, the Cooperative, as mortgagor or lessee, as the case may be, is also responsible for fulfilling the mortgage or rental obligations.

An underlying mortgage loan is ordinarily obtained by the Cooperative in connection with either the construction or purchase of the Cooperative's building or the obtaining of capital by the Cooperative. The interest of the occupant under proprietary leases or occupancy agreements as to which that Cooperative is the landlord is usually subordinate to the interest of the holder of an underlying mortgage and to the interest of the holder of a land lease. If the Cooperative is unable to meet the payment obligations (i) arising under an underlying mortgage, the mortgagee holding an underlying mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements or (ii) arising under its land lease, the holder of the landlord's interest under the land lease could terminate it and all subordinate proprietary leases and occupancy agreements. In addition, an underlying mortgage on a Cooperative may provide financing in the form of a mortgage that does not fully amortize, with a significant portion of principal being due in one final payment at

maturity. The inability of the Cooperative to refinance a mortgage and its consequent inability to make the final payment could lead to foreclosure by the mortgagee. Similarly, a land lease has an expiration date and the inability of the Cooperative to extend its term or, in the alternative, to purchase the land, could lead to termination of the Cooperative's interest in the property and termination of all proprietary leases and occupancy agreements. In either event, a foreclosure by the holder of an underlying mortgage or the termination of the underlying lease could eliminate or significantly diminish the value of any collateral held by the lender who financed the purchase by an individual tenant-stockholder of shares of the Cooperative, or in the case of the mortgage loans, the collateral securing the Cooperative Loans.

Each Cooperative is owned by shareholders, referred to as tenant-stockholders, who, through ownership of stock or shares in the Cooperative, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific dwellings. In most instances, a tenant-stockholder of a Cooperative must make a monthly maintenance payment to the Cooperative under the proprietary lease, which rental payment represents the tenant-stockholder's pro rata share of the Cooperative's payments for its underlying mortgage, real property taxes, maintenance expenses and other capital or ordinary expenses. An ownership interest in a Cooperative and accompanying occupancy rights may be financed through a Cooperative Loan evidenced by a Cooperative Note and secured by an assignment of and a security interest in the occupancy agreement or proprietary lease and a security interest in the related shares of the related Cooperative. The lender usually takes possession of the stock certificate and a counterpart of the proprietary lease or occupancy agreement and a financing statement covering the proprietary lease or occupancy agreement and the Cooperative shares is filed in the appropriate state or local offices to perfect the lender's interest in its collateral. In accordance with the limitations discussed below, upon default of the tenant-stockholder, the lender may sue for judgment on the Cooperative Note, dispose of the collateral at a public or private sale or otherwise proceed against the collateral or tenant-stockholder as an individual as provided in the security agreement covering the assignment of the proprietary lease or occupancy agreement and the pledge of Cooperative shares. See "—Foreclosure on Shares of Cooperatives" below.

Tax Aspects of Cooperative Ownership

In general, a "tenant-stockholder," as defined in Section 216(b)(2) of the Internal Revenue Code, of a corporation that qualifies as a "cooperative housing corporation" within the meaning of Section 216(b)(1) of the Internal Revenue Code is allowed a deduction for amounts paid or accrued within his or her taxable year to the corporation representing his or her proportionate share of certain interest expenses and real estate taxes allowable as a deduction under Section 216(a) of the Internal Revenue Code to the corporation under Sections 163 and 164 of the Internal Revenue Code. In order for a corporation to qualify under Section 216(b)(1) of the Internal Revenue Code for its taxable year in which those items are allowable as a deduction to the corporation, the section requires, among other things, that at least 80% of the gross income of the corporation be derived from its tenant-stockholders. By virtue of this requirement, the status of a corporation for purposes of Section 216(b)(1) of the Internal Revenue Code must be determined on a year-to-year basis. Consequently, there can be no assurance that Cooperatives relating to the Cooperative Loans will qualify under this section for any particular year. If a Cooperative fails to qualify for one or more years, the value of the collateral securing any related Cooperative Loans could be significantly impaired because no deduction would be allowable to tenant-stockholders under Section 216(a) of the Internal Revenue Code with respect to those years. In view of the significance of the tax benefits accorded tenant-stockholders of a corporation that qualifies under Section 216(b)(1) of the Internal Revenue Code, the likelihood that this type of failure would be permitted to continue over a period of years appears remote.

Foreclosure on Mortgage Loans

Although a deed of trust or a deed to secure debt may also be foreclosed by judicial action, foreclosure of a deed of trust or a deed to secure debt is typically accomplished by a non-judicial sale under a specific provision in the deed of trust or deed to secure debt which authorizes the trustee or grantee, as applicable, to sell the property upon default by the borrower under the terms of the note or deed of trust or deed to secure debt. In addition to any notice requirements contained in a deed of trust or deed to secure debt, in some states, the trustee or grantee, as applicable, must record a notice of default and send a copy to the borrower and to any person who has recorded a request for a copy of notice of default and notice of sale. In addition, in some states, the trustee or grantee, as applicable, must provide notice to any other individual having an interest of record in the real

property, including any junior lienholders. If the deed of trust or deed to secure debt is not reinstated within a specified period, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers. In addition, some states' laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property.

In some states, the borrower has the right to reinstate the loan at any time following default until shortly before the trustee's sale. In most cases, in those states, the borrower, or any other person having a junior encumbrance on the real estate, may, during a reinstatement period, cure the default by paying the entire amount in arrears plus the costs and expenses incurred in enforcing the obligation.

An action to foreclose a mortgage is an action to recover the mortgage debt by enforcing the mortgagee's rights under the mortgage and in the mortgaged property and compelling a sale of the mortgaged property to satisfy the debt. It is regulated by statutes and rules, and in most cases a borrower is bound by the terms of the mortgage note and the mortgage as made and cannot be relieved from its own default. However, a court may exercise equitable powers to relieve a borrower of a default and deny the mortgagee foreclosure. Under various circumstances a court of equity may relieve the borrower from a non-monetary default where that default was not willful or where a monetary default, such as failure to pay real estate taxes, can be cured before completion of the foreclosure and there is no substantial prejudice to the mortgagee.

Foreclosure of a mortgage usually is accomplished by judicial action. In most cases, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may result from difficulties in locating and serving necessary parties, including borrowers, such as international borrowers, located outside the jurisdiction in which the mortgaged property is located. Difficulties in foreclosing on mortgaged properties owned by international borrowers may result in increased foreclosure costs, which may reduce the amount of proceeds from the liquidation of the related mortgage loan available to be distributed to the certificateholders of the related series. If the mortgagee's right to foreclose is contested, the legal proceedings necessary to resolve the issue can be time-consuming.

In the case of foreclosure under a mortgage, a deed of trust or deed to secure debt, the sale by the referee or other designated officer or by the trustee or grantee, as applicable, is a public sale. However, because of the difficulty a potential buyer at the sale may have in determining the exact status of title and because the physical condition of the property may have deteriorated during the foreclosure proceedings, it is uncommon for a third party to purchase the property at a foreclosure sale. Rather, it is common for the lender to purchase the property from the trustee or grantee, as applicable, or referee for a credit bid less than or equal to the unpaid principal amount of the loan, accrued and unpaid interest and the expense of foreclosure, in which case the mortgagor's debt will be extinguished unless the lender purchases the property for a lesser amount and preserves its right against a borrower to seek a deficiency judgment and the remedy is available under state law and the related loan documents. In the same states, there is a statutory minimum purchase price which the lender may offer for the property and generally, state law controls the amount of foreclosure costs and expenses, including attorneys' fees, which may be recovered by a lender. Thereafter, subject to the right of the borrower in some states to remain in possession during the redemption period, the lender will assume the burdens of ownership, including obtaining hazard insurance, paying taxes and making repairs at its own expense that are necessary to render the property suitable for sale. In most cases, the lender will obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property and, in some states, the lender may be entitled to a deficiency judgment. In some cases, a deficiency judgment may be pursued in lieu of foreclosure. Any loss may be reduced by the receipt of any mortgage insurance proceeds or other forms of credit enhancement for a series of certificates. See "Description of Credit Enhancement."

Foreclosure on Mortgaged Properties Located in the Commonwealth of Puerto Rico

Under the laws of the Commonwealth of Puerto Rico the foreclosure of a real estate mortgage usually follows an ordinary "civil action" filed in the Superior Court for the district where the mortgaged property is located. If the defendant does not contest the action filed, a default judgment is rendered for the plaintiff and the mortgaged property is sold at public auction, after publication of the sale for two weeks, by posting written notice in three public places in the municipality where the auction will be held, in the tax collection office and in the public school of the municipality where the mortgagor resides, if known. If the residence of the mortgagor is not

known, publication in one of the newspapers of general circulation in the Commonwealth of Puerto Rico must be made at least once a week for two weeks. There may be as many as three public sales of the mortgaged property. If the defendant contests the foreclosure, the case may be tried and judgment rendered based on the merits of the case.

There are no redemption rights after the public sale of a foreclosed property under the laws of the Commonwealth of Puerto Rico. Commonwealth of Puerto Rico law provides for a summary proceeding for the foreclosure of a mortgage, but it is very seldom used because of concerns regarding the validity of those actions. The process may be expedited if the mortgagee can obtain the consent of the defendant to the execution of a deed in lieu of foreclosure.

Under Commonwealth of Puerto Rico law, in the case of the public sale upon foreclosure of a mortgaged property that (a) is subject to a mortgage loan that was obtained for a purpose other than the financing or refinancing of the acquisition, construction or improvement of the property and (b) is occupied by the mortgagor as his principal residence, the mortgagor of the property has a right to be paid the first $1,500 from the proceeds obtained on the public sale of the property. The mortgagor can claim this sum of money from the mortgagee at any time prior to the public sale or up to one year after the sale. This payment would reduce the amount of sales proceeds available to satisfy the mortgage loan and may increase the amount of the loss.

Foreclosure on Shares of Cooperatives

The Cooperative shares owned by the tenant-stockholder, together with the rights of the tenant-stockholder under the proprietary lease or occupancy agreement, are pledged to the lender and are, in almost all cases, subject to restrictions on transfer as described in the Cooperative's certificate of incorporation and by-laws, as well as in the proprietary lease or occupancy agreement. The proprietary lease or occupancy agreement, even while pledged, may be cancelled by the Cooperative for failure by the tenant-stockholder to pay rent or other obligations or charges owed by the tenant-stockholder, including mechanics' liens against the Cooperative's building incurred by the tenant-stockholder.

In most cases, rent and other obligations and charges arising under a proprietary lease or occupancy agreement that are owed to the Cooperative become liens upon the shares to which the proprietary lease or occupancy agreement relates. In addition, the proprietary lease or occupancy agreement generally permits the Cooperative to terminate the lease or agreement if the borrower defaults in the performance of covenants thereunder. Typically, the lender and the Cooperative enter into a recognition agreement which, together with any lender protection provisions contained in the proprietary lease or occupancy agreement, establishes the rights and obligations of both parties in the event of a default by the tenant-stockholder on its obligations under the proprietary lease or occupancy agreement. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder.

The recognition agreement generally provides that, if the tenant-stockholder has defaulted under the proprietary lease or occupancy agreement, the Cooperative will take no action to terminate the lease or agreement until the lender has been provided with notice of and an opportunity to cure the default. The recognition agreement typically provides that if the proprietary lease or occupancy agreement is terminated, the Cooperative will recognize the lender's lien against proceeds from a sale of the shares and the proprietary lease or occupancy agreement allocated to the dwelling, subject, however, to the Cooperative's right to sums due under the proprietary lease or occupancy agreement or which have become liens on the shares relating to the proprietary lease or occupancy agreement. The total amount owed to the Cooperative by the tenant-stockholder, which the lender generally cannot restrict and does not monitor, could reduce the amount realized upon a sale of the collateral below the outstanding principal balance of the Cooperative Loan and accrued and unpaid interest thereon.

Recognition agreements also typically provide that if the lender succeeds to the tenant-shareholder's shares and proprietary lease or occupancy agreement as the result of realizing upon its collateral for a Cooperative Loan, the lender must obtain the approval or consent of the board of directors of the Cooperative as required by the proprietary lease before transferring the Cooperative shares and assigning the proprietary lease. This approval or consent is usually based on the prospective purchaser's income and net worth, among other factors, and may

significantly reduce the number of potential purchasers, which could limit the ability of the lender to sell and realize upon the value of the collateral. In most cases, the lender is not limited in any rights it may have to dispossess the tenant-stockholder.

Because of the nature of Cooperative Loans, lenders do not usually require either the tenant-stockholder (that is, the borrower) or the Cooperative to obtain title insurance of any type. Consequently, the existence of any prior liens or other imperfections of title affecting the Cooperative's building or real estate also may adversely affect the marketability of the shares allocated to the dwelling unit in the event of foreclosure.

A foreclosure on the Cooperative shares is accomplished by public sale in accordance with the provisions of Article 9 of the Uniform Commercial Code, or UCC, and the security agreement relating to those shares. Article 9 of the UCC requires that a sale be conducted in a "commercially reasonable" manner. Whether a sale has been conducted in a "commercially reasonable" manner will depend on the facts in each case. In determining commercial reasonableness, a court will look to the notice given the debtor and the method, manner, time, place and terms of the sale and the sale price. In most instances, a sale conducted according to the usual practice of creditors selling similar collateral in the same area will be considered reasonably conducted.

Article 9 of the UCC provides that the proceeds of the sale will be applied first to pay the costs and expenses of the sale and then to satisfy the indebtedness secured by the lender's security interest. The recognition agreement, however, generally provides that the lender's right to reimbursement is subject to the right of the Cooperative corporation to receive sums due under the proprietary lease or occupancy agreement. If there are proceeds remaining, the lender must account to the tenant-stockholder for the surplus. On the other hand, if a portion of the indebtedness remains unpaid, the tenant-stockholder is generally responsible for the deficiency. See "—Anti-Deficiency Legislation and Other Limitations on Lenders" below.

Rights of Redemption

In some states, after sale pursuant to a deed of trust, or a deed to secure debt or foreclosure of a mortgage, the borrower and foreclosed junior lienors or other parties are given a statutory period, typically ranging from six months to two years, in which to redeem the property from the foreclosure sale. In some states, redemption may occur only upon payment of the entire principal balance of the loan, accrued interest and expenses of foreclosure. In other states, redemption may be authorized if the former borrower pays only a portion of the sums due. In some states, the right to redeem is an equitable right. The equity of redemption, which is a non-statutory right, should be distinguished from statutory rights of redemption. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property. The rights of redemption would defeat the title of any purchaser subsequent to foreclosure or sale under a deed of trust or a deed to secure debt. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired.

Anti-Deficiency Legislation and Other Limitations on Lenders

Some states have imposed statutory prohibitions which limit the remedies of a beneficiary under a deed of trust, a mortgagee under a mortgage or a grantee under a deed to secure debt. In some states, including California, statutes limit the right of the beneficiary, mortgagee or grantee to obtain a deficiency judgment against the borrower following foreclosure. A deficiency judgment is a personal judgment against the former borrower equal in most cases to the difference between the net amount realized upon the public sale of the real property and the amount due to the lender. In the case of a mortgage loan secured by a property owned by a trust where the mortgage note is executed on behalf of the trust, a deficiency judgment against the trust following foreclosure or sale under a deed of trust or deed to secure debt, even if obtainable under applicable law, may be of little value to the beneficiary, grantee or mortgagee if there are no assets against which the deficiency judgment may be executed. Some state statutes require the beneficiary, grantee or mortgagee to exhaust the security afforded under a deed of trust, deed to secure debt or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower.

In other states, the lender has the option of bringing a personal action against the borrower on the debt without first exhausting the security; however, in some of these states, the lender, following judgment on the personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, in those states permitting

this election, is that lenders will usually proceed against the security first rather than bringing a personal action against the borrower. Finally, in some states, statutory provisions limit any deficiency judgment against the borrower following a foreclosure to the excess of the outstanding debt over the fair value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary, grantee or mortgagee from obtaining a large deficiency judgment against the borrower as a result of low or no bids at the judicial sale.

Generally, Article 9 of the UCC governs foreclosure on Cooperative shares and the related proprietary lease or occupancy agreement. Some courts have interpreted Article 9 to prohibit or limit a deficiency award in some circumstances, including circumstances where the disposition of the collateral, which, in the case of a Cooperative Loan, would be the shares of the Cooperative and the related proprietary lease or occupancy agreement, was not conducted in a commercially reasonable manner.

In addition to laws limiting or prohibiting deficiency judgments, numerous other federal and state statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon its collateral and/or enforce a deficiency judgment. For example, under the federal bankruptcy law, all actions against the debtor, the debtor's property and any co-debtor are automatically stayed upon the filing of a bankruptcy petition. Moreover, a court having federal bankruptcy jurisdiction may permit a debtor through its Chapter 11 or Chapter 13 rehabilitative plan to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable time period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. Some courts with federal bankruptcy jurisdiction have approved plans, based on the particular facts of the reorganization case, that effected the curing of a mortgage loan default by paying arrearages over a number of years.

Courts with federal bankruptcy jurisdiction have also indicated that the terms of a mortgage loan secured by property of the debtor, which is a Cooperative Loan, or which is secured by additional collateral in addition to the related mortgaged property, may be modified. These courts have allowed modifications that include reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In general, except as provided below with respect to junior liens, the terms of a mortgage loan secured only by a mortgage on a real property that is the debtor's principal residence may not be modified under a plan confirmed under Chapter 13, as opposed to Chapter 11, except with respect to mortgage payment arrearages, which may be cured within a reasonable time period.

The United States Supreme Court has held that so long as a mortgage loan is fully or partially secured by the related mortgaged property, the amount of the mortgage loan may not be reduced, or "crammed down," in connection with a bankruptcy petition filed by the mortgagor. However, United States Circuit Court of Appeals decisions have held that in the event of a Chapter 13 bankruptcy filing by a mortgagor, in the event the value of the related mortgaged property at the time of the filing is less than the amount of any first lien, any unsecured junior liens may be "crammed down" in the bankruptcy court and discharged. As a result, in the event of a decline in the value of a mortgaged property, the amount of any junior liens may be reduced by a bankruptcy judge in a Chapter 13 filing, without any liquidation of the related mortgaged property. Any such reduction would be treated as a Bankruptcy Loss.

Certain tax liens arising under the Internal Revenue Code may, in some circumstances, have priority over the lien of a mortgage, deed to secure debt or deed of trust. This may have the effect of delaying or interfering with the enforcement of rights with respect to a defaulted mortgage loan.

In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, Real Estate Settlement Procedures Act, as implemented by Regulation X, Equal Credit Opportunity Act, as implemented by Regulation B, Fair Credit Billing Act, Fair Credit Reporting Act and related statutes. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. In some cases, this liability may affect assignees of the mortgage loans. In particular, an originator's failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in the obligors' rescinding the mortgage loans either against either the originators or assignees.

Homeownership Act and Similar State Laws

Some mortgage loans and contracts may be subject to special rules, disclosure requirements and other provisions that were added to the federal Truth-in-Lending Act by the Home Ownership and Equity Protection Act of 1994, or Homeownership Act, if such trust assets were originated on or after October 1, 1995, are not loans made to finance the purchase of the mortgaged property and have interest rates or origination costs in excess of certain prescribed levels. The Homeownership Act requires certain additional disclosures, specifies the timing of those disclosures and limits or prohibits inclusion of certain provisions in mortgages subject to the Homeownership Act. Purchasers or assignees of a mortgage loan subject to the Homeownership Act, including any trust, could be liable under federal law for all claims and subject to all defenses that the borrower could assert against the originator of the loan, under the federal Truth-in-Lending Act or any other law, unless the purchaser or assignee did not know and could not with reasonable diligence have determined that the loan was subject to the provisions of the Homeownership Act. Remedies available to the borrower include monetary penalties, as well as rescission rights if appropriate disclosures were not given as required or if the particular mortgage includes provisions prohibited by the law. The maximum damages that may be recovered under these provisions from an assignee, including the trust, is the remaining amount of indebtedness plus the total amount paid by the borrower in connection with the mortgage loan.

In addition to the Homeownership Act, a number of legislative proposals have been introduced at both the federal and state level that are designed to discourage predatory lending practices. Some states have enacted, and other states or local governments may enact, laws that impose requirements and restrictions greater than those in the Homeownership Act. These laws prohibit inclusion of some provisions in mortgage loans that have interest rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of the mortgage loans. Purchasers or assignees of such a mortgage loan, including the related trust, could be exposed to all claims and defenses that the mortgagor could assert against the originator of the mortgage loan for a violation of state law. Claims and defenses available to the borrower could include monetary penalties, rescission and defenses to a foreclosure action or an action to collect.

Except in the case of a Designated Seller Transaction, Residential Funding will represent and warrant that all of the mortgage loans in the mortgage pool complied in all material respects with all applicable local, state and federal laws at the time of origination. Although Residential Funding will be obligated to repurchase any mortgage loan as to which a breach of its representation and warranty has occurred if that breach is material and adverse to the interests of the certificateholders, the repurchase price of those mortgage loans could be less than the damages and/or equitable remedies imposed pursuant to various state laws.

Lawsuits have been brought in various states making claims against assignees of loans subject to the Homeownership Act for violations of federal and state law allegedly committed by the originator. Named defendants in these cases include numerous participants within the secondary mortgage market, including some securitization trusts.

Enforceability of Certain Provisions

Unless the prospectus supplement indicates otherwise, the mortgage loans contain due-on-sale clauses. These clauses permit the lender to accelerate the maturity of the loan if the borrower sells, transfers or conveys the property. The enforceability of these clauses has been the subject of legislation or litigation in many states, and in some cases the enforceability of these clauses has been limited or denied. However, the Garn-St Germain Depository Institutions Act of 1982, or Garn-St Germain Act, preempts state constitutional, statutory and case law that prohibit the enforcement of due-on-sale clauses and permits lenders to enforce these clauses in accordance with their terms, subject to limited exceptions. The Garn-St Germain Act does “encourage” lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

The Garn-St Germain Act also sets forth nine specific instances in which a mortgage lender covered by the Garn-St Germain Act may not exercise a due-on-sale clause, regardless of the fact that a transfer of the property may have occurred. These include intra-family transfers, certain transfers by operation of law, leases of fewer than three years and the creation of a junior encumbrance. Regulations promulgated under the Garn-St Germain Act also prohibit the imposition of a prepayment penalty upon the acceleration of a loan under a due-on-sale clause.

The inability to enforce a due-on-sale clause may result in a mortgage loan bearing an interest rate below the current market rate being assumed by a new home buyer rather than being paid off, which may have an impact upon the average life of the mortgage loans and the number of mortgage loans which may be outstanding until maturity.

Upon foreclosure, courts have imposed general equitable principles. These equitable principles are designed to relieve the borrower from the legal effect of its defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and expensive actions to determine the causes for the borrower's default and the likelihood that the borrower will be able to reinstate the loan. In some cases, courts have required that lenders reinstate loans or recast payment schedules in order to accommodate borrowers who are suffering from temporary financial disability. In other cases, courts have limited the right of the lender to foreclose if the default under the mortgage instrument is not monetary, including the borrower failing to adequately maintain the property. Finally, some courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that borrowers under deeds of trust, deeds to secure debt or mortgages receive notices in addition to the statutorily prescribed minimum. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust, or under a deed to secure a debt or a mortgagee having a power of sale, does not involve sufficient state action to afford constitutional protections to the borrower.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, or Title V, provides that state usury limitations shall not apply to some types of residential first mortgage loans, including Cooperative Loans, originated by some lenders after March 31, 1980. A similar federal statute was in effect with respect to mortgage loans made during the first three months of 1980. The Office of Thrift Supervision, or OTS, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to impose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Certain states have taken action to reimpose interest rate limits or to limit discount points or other charges.

Residential Funding Corporation or a designated seller specified in the accompanying prospectus supplement will have represented that each mortgage loan was originated in compliance with then applicable state laws, including usury laws, in all material respects. However, the mortgage rates on the mortgage loans will be subject to applicable usury laws as in effect from time to time.

Alternative Mortgage Instruments

Alternative mortgage instruments, including adjustable-rate mortgage loans and early ownership mortgage loans, originated by non-federally chartered lenders, have historically been subjected to a variety of restrictions. These restrictions differed from state to state, resulting in difficulties in determining whether a particular alternative mortgage instrument originated by a state-chartered lender was in compliance with applicable law. These difficulties were alleviated substantially as a result of the enactment of Title VIII of the Garn-St Germain Act, or Title VIII. Title VIII provides that, regardless of any state law to the contrary:

- state-chartered banks may originate alternative mortgage instruments in accordance with regulations promulgated by the Comptroller of the Currency with respect to the origination of alternative mortgage instruments by national banks,
- state-chartered credit unions may originate alternative mortgage instruments in accordance with regulations promulgated by the National Credit Union Administration with respect to origination of alternative mortgage instruments by federal credit unions, and
- all other non-federally chartered housing creditors, including state-chartered savings and loan associations, state-chartered savings banks and mutual savings banks and mortgage banking companies, may originate alternative mortgage instruments in accordance with the regulations promulgated by the Federal Home Loan Bank Board, predecessor to the OTS, with respect to origination of alternative mortgage instruments by federal savings and loan associations.

Title VIII also provides that any state may reject applicability of the provisions of Title VIII by adopting, prior to October 15, 1985, a law or constitutional provision expressly rejecting the applicability of these provisions. Some states have taken this action.

The Contracts

General

A contract evidences both (a) the obligation of the mortgagor to repay the loan evidenced thereby and (b) the grant of a security interest in the manufactured home to secure repayment of the loan. Certain aspects of both features of the contracts are described below.

Security Interests in Manufactured Homes

Except as described in the next paragraph, under the laws of most states, manufactured housing constitutes personal property and is subject to the motor vehicle registration laws of the state or other jurisdiction in which the unit is located. In the few states in which certificates of title are not required for manufactured homes, security interests are perfected by the filing of a financing statement under the UCC. Those financing statements are effective for five years and must be renewed prior to the end of each five year period. The certificate of title laws adopted by the majority of states provide that ownership of motor vehicles and manufactured housing shall be evidenced by a certificate of title issued by the motor vehicles department, or a similar entity, of the state. In the states that have enacted certificate of title laws, a security interest in a unit of manufactured housing, so long as it is not attached to land in so permanent a fashion as to become a fixture, is, in most cases, perfected by the recording of the interest on the certificate of title to the unit in the appropriate motor vehicle registration office or by delivery of the required documents and payment of a fee to the office, depending on state law.

The lender, the servicer or the master servicer may effect the notation or delivery of the required documents and fees, and obtain possession of the certificate of title, as appropriate under the laws of the state in which any manufactured home securing a contract is registered. If the master servicer, the servicer or the lender fails to effect the notation or delivery, or files the security interest under the wrong law, for example, under a motor vehicle title statute rather than under the UCC, in a few states, the certificateholders may not have a first priority security interest in the manufactured home securing a contract. As manufactured homes have become larger and often have been attached to their sites without any apparent intention to move them, courts in many states have held that manufactured homes, under some circumstances, may become subject to real estate title and recording laws. As a result, a security interest in a manufactured home could be rendered subordinate to the interests of other parties claiming an interest in the home under applicable state real estate law. In order to perfect a security interest in a manufactured home under real estate laws, the holder of the security interest must record a mortgage, deed of trust or deed to secure debt, as applicable, under the real estate laws of the state where the manufactured home is located. These filings must be made in the real estate records office of the county where the manufactured home is located. The accompanying prospectus supplement will specify whether substantially all of the contracts will contain provisions prohibiting the mortgagor from permanently attaching the manufactured home to its site. So long as the mortgagor does not violate this agreement and a court does not hold that the manufactured home is real property, a security interest in the manufactured home will be governed by the certificate of title laws or the UCC, and the notation of the security interest on the certificate of title or the filing of a UCC financing statement will be effective to maintain the priority of the seller's security interest in the manufactured home. If, however, a manufactured home is permanently attached to its site or if a court determines that a manufactured home is real property, other parties could obtain an interest in the manufactured home which is prior to the security interest originally retained by the mortgage collateral seller and transferred to the depositor. In certain cases, the master servicer or the servicer, as applicable, may be required to perfect a security interest in the manufactured home under applicable real estate laws. If the real estate recordings are not required and if any of the foregoing events were to occur, the only recourse of the certificateholders would be against Residential Funding Corporation or the mortgage collateral seller pursuant to its repurchase obligation for breach of representations or warranties.

The depositor will assign or cause to be assigned a security interest in the manufactured homes to the trustee on behalf of the certificateholders. See "Description of the Certificates—Assignment of the Contracts." If a manufactured home is governed by the applicable motor vehicle laws of the relevant state neither the depositor

nor the trustee will amend the certificates of title to identify the trustee as the new secured party. Accordingly, the depositor or any other entity as may be specified in the prospectus supplement will continue to be named as the secured party on the certificates of title relating to the manufactured homes. However, there exists a risk that, in the absence of an amendment to the certificate of title, the assignment of the security interest may not be held effective against subsequent purchasers of a manufactured home or subsequent lenders who take a security interest in the manufactured home or creditors of the assignor.

If the owner of a manufactured home moves it to a state other than the state in which the manufactured home initially is registered and if steps are not taken to re-perfect the trustee's security interest in the state, the security interest in the manufactured home will cease to be perfected. While in many circumstances the trustee would have the opportunity to re-perfect its security interest in the manufactured home in the state of relocation, there can be no assurance that the trustee will be able to do so.

When a mortgagor under a contract sells a manufactured home, the trustee, or the servicer or the master servicer on behalf of the trustee, must surrender possession of the certificate of title or will receive notice as a result of its lien noted thereon and accordingly will have an opportunity to require satisfaction of the related lien before release of the lien.

Under the laws of most states, liens for repairs performed on a manufactured home take priority over a perfected security interest. The applicable mortgage collateral seller typically will represent that it has no knowledge of any liens with respect to any manufactured home securing payment on any contract. However, the liens could arise at any time during the term of a contract. No notice will be given to the trustee or certificateholders if a lien arises and the lien would not give rise to a repurchase obligation on the part of the party specified in the pooling and servicing agreement.

To the extent that manufactured homes are not treated as real property under applicable state law, contracts generally are "chattel paper" as defined in the UCC in effect in the states in which the manufactured homes initially were registered. Under the UCC, the sale of chattel paper is treated in a manner similar to perfection of a security interest in chattel paper. Under the pooling and servicing agreement, the master servicer or the depositor, as the case may be, will transfer physical possession of the contracts to the trustee or its custodian. In addition, the master servicer will make an appropriate filing of a financing statement in the appropriate states to give notice of the trustee's ownership of the contracts. The contracts will not be stamped or marked otherwise to reflect their assignment from the depositor to the trustee. Therefore, if a subsequent purchaser were able to take physical possession of the contracts without notice of the assignment, the trustee's interest in the contracts could be defeated. To the extent that manufactured homes are treated as real property under applicable state law, contracts will be treated in a manner similar to that described above with regard to mortgage loans. See "—The Mortgage Loans" above.

Enforcement of Security Interests in Manufactured Homes

The servicer or the master servicer on behalf of the trustee, to the extent required by the related pooling and servicing agreement, may take action to enforce the trustee's security interest with respect to contracts in default by repossession and sale of the manufactured homes securing the defaulted contracts. So long as the manufactured home has not become subject to real estate law, a creditor generally can repossess a manufactured home securing a contract by voluntary surrender, by "self-help" repossession that is "peaceful" or, in the absence of voluntary surrender and the ability to repossess without breach of the peace, by judicial process. The holder of a manufactured housing contract generally must give the debtor a number of days' notice prior to commencement of any repossession. The UCC and consumer protection laws in most states place restrictions on repossession sales, including prior notice to the debtor and commercial reasonableness in effecting a repossession sale. The laws in most states also require that the debtor be given notice of any sales prior to resale of the unit so that the debtor may redeem the manufactured home at or before the resale.

Under the laws applicable in most states, a creditor is entitled to obtain a deficiency judgment from a debtor for any deficiency on repossession and resale of the manufactured home securing the related obligor's contract. However, some states impose prohibitions or limitations on deficiency judgments, and in many cases the defaulting debtor would have no assets with which to pay a judgment.

Certain statutory provisions, including federal and state bankruptcy and insolvency laws and general equitable principles, may limit or delay the ability of a lender to repossess and resell a manufactured home or enforce a deficiency judgment. For a discussion of deficiency judgments, see "—The Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders" above.

Consumer Protection Laws

If the transferor of a consumer credit contract is also the seller of goods that give rise to the transaction, and, in certain cases, related lenders and assignees, the "Holder-in-Due-Course" rule of the Federal Trade Commission, or the FTC Rule, is intended to defeat the ability of the transferor to transfer the contract free of notice of claims by the debtor thereunder. The effect of this rule is to subject the assignee of the contract to all claims and defenses that the debtor could assert against the seller of goods. Liability under this rule is limited to amounts paid under a contract; however, the mortgagor also may be able to assert the rule to set off remaining amounts due as a defense against a claim brought against the mortgagor.

Numerous other federal and state consumer protection laws impose substantial requirements upon creditors involved in consumer finance. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, the Equal Credit Opportunity Act, as implemented by Regulation B, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, as implemented by Regulation X, the Fair Housing Act and related statutes. These laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions. In some cases, this liability may affect an assignee's ability to enforce the related contract. In particular, the originator's failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in obligors' rescinding contracts against either the originators or assignees. In addition, some of the contracts may be subject to special rules, disclosure requirements and other provisions as discussed under "—The Mortgage Loans—Homeownership Act and Similar State Laws."

"Due-on-Sale" Clauses

The contracts, in general, prohibit the sale or transfer of the related manufactured homes without the consent of the depositor, the master servicer or the servicer and permit the acceleration of the maturity of the contracts by the depositor, the master servicer or the servicer upon any sale or transfer that is not consented to. The depositor, the master servicer or the servicer generally will permit most transfers of manufactured homes and not accelerate the maturity of the related contracts. In certain cases, the transfer may be made by a delinquent mortgagor in order to avoid a repossession proceeding with respect to a manufactured home.

In the case of a transfer of a manufactured home after which the depositor desires to accelerate the maturity of the related contract, the depositor's ability to do so will depend on the enforceability under state law of the "due-on-sale" clause. The Garn-St Germain Act preempts, subject to certain exceptions and conditions, state laws prohibiting enforcement of "due-on-sale" clauses applicable to the manufactured homes. In some states the depositor or the master servicer may be prohibited from enforcing "due-on-sale" clauses in contracts relating to certain manufactured homes.

Applicability of Usury Laws

Title V provides that, subject to certain conditions, state usury limitations shall not apply to any loan that is secured by a first lien on certain kinds of manufactured housing. For a discussion of Title V, see "—The Mortgage Loans — Applicability of Usury Laws" above. Residential Funding Corporation or a designated seller specified in the accompanying prospectus supplement will represent that all of the contracts comply with applicable usury laws.

Environmental Legislation

Under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA, and under state law in some states, a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property may become liable in some circumstances for the costs of cleaning up hazardous substances regardless of whether they have contaminated the property. CERCLA imposes strict, as well as joint and several, liability on several classes of

potentially responsible parties, including current owners and operators of the property who did not cause or contribute to the contamination. Furthermore, liability under CERCLA is not limited to the original or unamortized principal balance of a loan or to the value of the property securing a loan. Lenders may be held liable under CERCLA as owners or operators unless they qualify for the secured creditor exemption to CERCLA. This exemption exempts from the definition of owners and operators those who, without participating in the management of a facility, hold indicia of ownership primarily to protect a security interest in the facility.

The Asset Conservation, Lender Liability and Deposit Insurance Act of 1996, or Conservation Act amended, among other things, the provisions of CERCLA with respect to lender liability and the secured creditor exemption. The Conservation Act offers substantial protection to lenders by defining the activities in which a lender can engage and still have the benefit of the secured creditor exemption. For a lender to be deemed to have participated in the management of a mortgaged property, the lender must actually participate in the operational affairs of the mortgaged property. The Conservation Act provides that "merely having the capacity to influence, or unexercised right to control" operations does not constitute participation in management. A lender will lose the protection of the secured creditor exemption only if it exercises decision-making control over the mortgagor's environmental compliance and hazardous substance handling and disposal practices, or assumes day-to-day management of substantially all operational functions of the mortgaged property. The Conservation Act also provides that a lender will continue to have the benefit of the secured creditor exemption even if it forecloses on a mortgaged property, purchases it at a foreclosure sale or accepts a deed-in-lieu of foreclosure provided that the lender seeks to sell the mortgaged property at the earliest practicable commercially reasonable time on commercially reasonable terms.

Other federal and state laws in some circumstances may impose liability on a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property on which contaminants other than CERCLA hazardous substances are present, including petroleum, agricultural chemicals, hazardous wastes, asbestos, radon, and lead-based paint. These cleanup costs may be substantial. It is possible that the cleanup costs could become a liability of a trust and reduce the amounts otherwise distributable to the holders of the related series of certificates. Moreover, some federal statutes and some states by statute impose an Environmental Lien. All subsequent liens on that property are usually subordinated to an Environmental Lien and, in some states, even prior recorded liens are subordinated to Environmental Liens. In the latter states, the security interest of the trustee in a related parcel of real property that is subject to an Environmental Lien could be adversely affected.

Traditionally, many residential mortgage lenders have not taken steps to evaluate whether contaminants are present with respect to any mortgaged property prior to the origination of the mortgage loan or prior to foreclosure or accepting a deed-in-lieu of foreclosure. Neither the depositor nor any master servicer will be required by any agreement to undertake any of these evaluations prior to foreclosure or accepting a deed-in-lieu of foreclosure. The depositor does not make any representations or warranties or assume any liability with respect to the absence or effect of contaminants on any mortgaged property or any casualty resulting from the presence or effect of contaminants. However, the master servicer will not be obligated to foreclose on any mortgaged property or accept a deed-in-lieu of foreclosure if it knows or reasonably believes that there are material contaminated conditions on the property. A failure so to foreclose may reduce the amounts otherwise available to certificateholders of the related series.

At the time the mortgage loans or contracts were originated, no environmental assessment or a very limited environment assessment of the mortgaged properties will have been conducted.

Servicemembers Civil Relief Act

Under the terms of the Relief Act a borrower who enters military service after the origination of the borrower's mortgage loan or contract, including a borrower who was in reserve status and is called to active duty after origination of the mortgage loan or contract, may not be charged interest, including fees and charges, above an annual rate of 6% during the period of the borrower's active duty status, unless a court orders otherwise upon application of the lender. The Relief Act applies to borrowers who are members of the Air Force, Army, Marines, Navy, National Guard, Reserves or Coast Guard, and officers of the U.S. Public Health Service or the National Oceanic and Atmospheric Administration and assigned to duty with the military.

Because the Relief Act applies to borrowers who enter military service, including reservists who are called to active duty, after origination of the related mortgage loan or contract, no information can be provided as to the number of mortgage loans or contracts that may be affected by the Relief Act. For mortgage loans or contracts included in a trust, application of the Relief Act would adversely affect, for an indeterminate period of time, the ability of the servicer or the master servicer, as applicable, to collect full amounts of interest on the mortgage collateral. Any shortfall in interest collections resulting from the application of the Relief Act or similar legislation or regulations, which would not be recoverable from the related mortgage loans or contracts, would result in a reduction of the amounts distributable to the holders of the related certificates, and would not be covered by Advances or any form of credit enhancement provided in connection with the related series of certificates. In addition, the Relief Act imposes limitations that would impair the ability of the servicer or the master servicer, as applicable, to foreclose on an affected mortgage loan or contract during the mortgagor's period of active duty status, and, under some circumstances, during an additional three month period thereafter. Thus, if the Relief Act or similar legislation or regulations applies to any mortgage loan or contract that goes into default, there may be delays in payment and losses on the related certificates in connection therewith. Any other interest shortfalls, deferrals or forgiveness of payments on the mortgage loans or contracts resulting from similar legislation or regulations may result in delays in payments or losses to certificateholders of the related series.

Default Interest and Limitations on Prepayments

Forms of notes and mortgages used by lenders may contain provisions that obligate the borrower to pay a late charge or additional interest if payments are not timely made, and in some circumstances, may prohibit prepayments for a specified period and/or condition prepayments upon the borrower's payment of prepayment fees or yield maintenance penalties if the obligation is paid prior to maturity. In some states, there are or may be specific limitations upon the late charges that a lender may collect from a borrower for delinquent payments. Some states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. In addition, the enforceability of provisions that provide for prepayment fees or penalties upon an involuntary prepayment is unclear under the laws of many states. Most conventional single-family mortgage loans may be prepaid in full or in part without penalty. The regulations of the Federal Home Loan Bank Board, as succeeded by the OTS, prohibit the imposition of a prepayment penalty or equivalent fee for or in connection with the acceleration of a loan by exercise of a due-on-sale clause. A mortgagee to whom a prepayment in full has been tendered may be compelled to give either a release of the mortgage or an instrument assigning the existing mortgage. The absence of a restraint on prepayment, particularly with respect to mortgage loans and/or contracts having higher mortgage rates, may increase the likelihood of refinancing or other early retirements of the mortgage loans and/or contracts.

Some state laws restrict the imposition of prepayment charges even when the loans expressly provide for the collection of those charges. The Alternative Mortgage Transaction Parity Act of 1982, or the Parity Act, permits the collection of prepayment charges in connection with some types of loans subject to the Parity Act, or Parity Act loans, preempting any contrary state law prohibitions. However, some states may not recognize the preemptive authority of the Parity Act or have opted out of the Parity Act. Moreover, the OTS, the agency that administers the application of the Parity Act to some types of mortgage lenders that are not chartered under federal law, withdrew its favorable regulations and opinions that previously authorized those lenders, notwithstanding contrary state law, to charge prepayment charges and late fees on Parity Act loans in accordance with OTS rules. The withdrawal is effective with respect to Parity Act loans originated on or after July 1, 2003. The OTS's action does not affect Parity Act loans originated before July 1, 2003. It is possible that prepayment charges may not be collected even on loans that provide for the payment of these charges. The master servicer or another entity identified in the accompanying prospectus supplement will be entitled to all prepayment charges and late payment charges received on the loans and these amounts will not be available for payment on the certificates.

Forfeitures in Drug and RICO Proceedings

Federal law provides that property owned by persons convicted of drug-related crimes or of criminal violations of the Racketeer Influenced and Corrupt Organizations, or RICO, statute can be seized by the government if the property was used in, or purchased with the proceeds of, those crimes. Under procedures

contained in the Comprehensive Crime Control Act of 1984, the government may seize the property even before conviction. The government must publish notice of the forfeiture proceeding and may give notice to all parties "known to have an alleged interest in the property," including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in the property if it establishes that: (i) its mortgage was executed and recorded before commission of the crime upon which the forfeiture is based, or (ii) the lender was, at the time of execution of the mortgage, "reasonably without cause to believe" that the property was used in, or purchased with the proceeds of, illegal drug or RICO activities.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

General

The following is a discussion of the material federal income tax consequences of the purchase, ownership and disposition of the certificates. The following discussion is based on the advice of Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP as to the anticipated material federal income tax consequences of the purchase, ownership and disposition of the certificates offered hereunder. This discussion is directed solely to certificateholders that hold the certificates as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not purport to discuss all federal income tax consequences that may be applicable to particular individual circumstances, including those of banks, insurance companies, foreign investors, tax-exempt organizations, dealers in securities or currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, securityholders that hold the securities as part of a hedge, straddle, integrated or conversion transaction, or securityholders whose functional currency is not the United States dollar. Also, it does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a securityholder.

The following discussion addresses REMIC certificates representing interests in a trust, or a portion thereof, which the master servicer or Certificate Administrator, as applicable, will covenant to elect to have treated as a REMIC under Sections 860A through 860G or REMIC Provisions of the Internal Revenue Code. The prospectus supplement for each series of certificates will indicate whether a REMIC election or elections will be made for the related trust and, if that election is to be made, will identify all "regular interests" and "residual interests" in the REMIC. If a REMIC election will not be made for a trust, the federal income consequences of the purchase, ownership and disposition of the related certificates will be described in the accompanying prospectus supplement. For purposes of this tax discussion, references to a "certificateholder" or a "holder" are to the beneficial owner of a certificate.

If a REMIC election is not made upon the issuance of a particular series because, for example, a structure is being used whereby notes are being issued by and owner trust, an opinion of counsel relating to the tax consequences of that structure will be filed prior to the initial sale of the related certificates. Furthermore, the tax discussion relating to that structure will be provided in the prospectus supplement for that series.

The following discussion is based in part upon the OID regulations and in part upon the REMIC regulations. The OID regulations, which are effective with respect to debt instruments issued on or after April 4, 1994, do not adequately address some issues relevant to, and in some instances provide that they are not applicable to, securities similar to the certificates.

In addition, the authorities on which this discussion, and the opinion referred to below, are based are subject to change or differing interpretations, which could apply retroactively. An opinion of counsel is not binding on the Internal Revenue Service or the courts, and no rulings have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Taxpayers and preparers of tax returns, including those filed by any REMIC or other issuer, should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. This summary and the opinions contained herein may not be able to be relied upon to avoid any income tax penalties that may be imposed with respect to the Securities. Accordingly, taxpayers are encouraged to consult their tax advisors and tax return preparers regarding the preparation of any item on a tax return and the application of United States

federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations, even where the anticipated tax treatment has been discussed in this prospectus or in a prospectus supplement. See "State and Other Tax Consequences."

Opinions

Upon the issuance of each series of REMIC Certificates, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP, counsel to the depositor, will provide its opinion generally to the effect that, assuming (i) compliance with all provisions of the related pooling and servicing agreement, (ii) certain representations set forth in the related pooling and servicing agreement are true, (iii) there is continued compliance with applicable provisions of the Internal Revenue Code, as it may be amended from time to time, and applicable Treasury regulations issued thereunder and (iv) a REMIC election is made timely in the required form, for federal income tax purposes, the related trust, or each applicable group of assets held by the related trust as to which an election to be treated as a REMIC will be made, will qualify as a REMIC and the offered REMIC Certificates will be considered to evidence ownership of REMIC regular interests or REMIC residual interests in that REMIC within the meaning of the REMIC Provisions.

Neither Orrick, Herrington & Sutcliffe LLP nor Mayer, Brown, Rowe & Maw LLP has been asked to opine on any other material federal income tax matter, and the balance of this summary is a discussion of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests in such pools of assets generally, and does not purport to set forth any opinion of counsel concerning any other particular federal income tax matter. For example, the discussion under "REMICs—Taxation of Owners of REMIC Residual Certificates—Excess Inclusions" below is a general summary of federal income tax consequences relating to an investment in a REMIC residual interest that has "excess inclusion income;" however, that summary does not set forth any opinion as to whether any particular class of REMIC residual interests will be treated as having excess inclusion income.

In addition, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP will render its opinion that the statements made in the following discussion, as supplemented by the discussion under the heading "Federal Income Tax Consequences", if any, in the prospectus supplement accompanying this prospectus, to the extent that they constitute matters of law or legal conclusions, provide a fair and accurate summary of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests therein, as of the date of such prospectus supplement.

Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP have not been asked to, and do not, render any opinion regarding the state or local income tax consequences of the purchase, ownership and disposition of a beneficial interest in the certificates. See "—State and Local Tax Consequences."

REMICs

Classification of REMICs

If an entity electing to be treated as a REMIC fails to comply with one or more of the ongoing requirements of the Internal Revenue Code for that status during any taxable year, the Internal Revenue Code provides that the entity will not be treated as a REMIC for that year and thereafter. In that event, the entity may be taxable as a separate corporation under Treasury regulations, and the related REMIC certificates may not be accorded the status or given the tax treatment described in this prospectus under "Material Federal Income Tax Consequences." Although the Internal Revenue Code authorizes the Treasury Department to issue regulations providing relief in the event of an inadvertent termination of REMIC status, no regulations have been issued. Any relief, moreover, may be accompanied by sanctions, including the imposition of a corporate tax on all or a portion of the trust's income for the period in which the requirements for that status are not satisfied. The pooling and servicing agreement or trust agreement with respect to each REMIC will include provisions designed to maintain the trust's status as a REMIC under the REMIC Provisions. It is not anticipated that the status of any trust as a REMIC will be terminated.

Characterization of Investments in REMIC Certificates

In general, the REMIC certificates will be "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code and assets described in Section 7701(a)(19)(C) of the Internal Revenue Code in the same proportion that the assets of the REMIC underlying the certificates would be so treated. Moreover, if 95% or more of the assets of the REMIC qualify for any of the foregoing treatments at all times during a calendar year, the REMIC certificates will qualify for the corresponding status in their entirety for that calendar year. Interest, including original issue discount, on the REMIC regular certificates and income allocated to the class of REMIC residual certificates will be interest described in Section 856(c)(3)(B) of the Internal Revenue Code to the extent that those certificates are treated as "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code. In addition, the REMIC regular certificates will be "qualified mortgages" within the meaning of Section 860G(a)(3)(C) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for regular or residual interests in that REMIC. The determination as to the percentage of the REMIC's assets that constitute assets described in the foregoing sections of the Internal Revenue Code will be made with respect to each calendar quarter based on the average adjusted basis of each category of the assets held by the REMIC during that calendar quarter. The master servicer or the Certificate Administrator, as applicable, will report those determinations to certificateholders in the manner and at the times required by applicable Treasury regulations.

The assets of the REMIC will include, in addition to mortgage collateral, payments on mortgage collateral held pending distribution on the REMIC certificates and property acquired by foreclosure held pending sale, and may include amounts in reserve accounts. It is unclear whether property acquired by foreclosure held pending sale and amounts in reserve accounts would be considered to be part of the mortgage collateral, or whether those assets, to the extent not invested in assets described in the foregoing sections, otherwise would receive the same treatment as the mortgage collateral for purposes of all of the foregoing sections. In addition, in some instances mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, may not be treated entirely as assets described in the foregoing sections. If the assets of a REMIC include Additional Collateral Loans or Pledged Asset Mortgage Loans, the non-real property collateral, while itself not an asset of the REMIC, could cause the mortgage loans not to qualify for one or more of those characterizations. If so, the related prospectus supplement will describe the mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, that may not be so treated. The REMIC regulations do provide, however, that payments on mortgage loans held pending distribution are considered part of the mortgage loans for purposes of Section 856(c)(4)(A) of the Internal Revenue Code. Furthermore, foreclosure property will qualify as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code.

Tiered REMIC Structures

For some series of REMIC certificates, two or more separate elections may be made to treat designated portions of the related trust as REMICs for federal income tax purposes.

Solely for purposes of determining whether the REMIC certificates will be "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code, and "loans secured by an interest in real property" under Section 7701(a)(19)(C) of the Internal Revenue Code, and whether the income on the certificates is interest described in Section 856(c)(3)(B) of the Internal Revenue Code, the Tiered REMICs will be treated as one REMIC.

Taxation of Owners of REMIC Regular Certificates

General

Except as otherwise stated in this discussion, REMIC regular certificates will be treated for federal income tax purposes as debt instruments issued by the REMIC and not as ownership interests in the REMIC or its assets. Moreover, holders of REMIC regular certificates that otherwise report income under a cash method of accounting will be required to report income with respect to REMIC regular certificates under an accrual method.

Original Issue Discount

Some REMIC regular certificates may be issued with "original issue discount" within the meaning of Section 1273(a) of the Internal Revenue Code. Any holders of REMIC regular certificates issued with original issue discount typically will be required to include original issue discount in income as it accrues, in accordance with the method described below, in advance of the receipt of the cash attributable to that income. In addition, Section 1272(a)(6) of the Internal Revenue Code provides special rules applicable to REMIC regular certificates and certain other debt instruments issued with original issue discount. Regulations have not been issued under that section.

The Internal Revenue Code requires that a prepayment assumption be used with respect to mortgage collateral held by a REMIC in computing the accrual of original issue discount on REMIC regular certificates issued by that REMIC, and that adjustments be made in the amount and rate of accrual of the discount to reflect differences between the actual prepayment rate and the prepayment assumption. The prepayment assumption is to be determined in a manner prescribed in Treasury regulations; as noted above, those regulations have not been issued. The conference committee report accompanying the Tax Reform Act of 1986 indicates that the regulations will provide that the prepayment assumption used with respect to a REMIC regular certificate must be the same as that used in pricing the initial offering of the REMIC regular certificate. The prepayment assumption used by the master servicer or the Certificate Administrator, as applicable, in reporting original issue discount for each series of REMIC regular certificates will be consistent with this standard and will be disclosed in the accompanying prospectus supplement. However, neither the depositor, the master servicer nor the Certificate Administrator will make any representation that the mortgage collateral will in fact prepay at a rate conforming to the prepayment assumption or at any other rate.

The original issue discount, if any, on a REMIC regular certificate will be the excess of its stated redemption price at maturity over its issue price. The issue price of a particular class of REMIC regular certificates will be the first cash price at which a substantial amount of REMIC regular certificates of that class is sold, excluding sales to bond houses, brokers and underwriters. If less than a substantial amount of a particular class of REMIC regular certificates is sold for cash on or prior to the date of their initial issuance, or the closing date, the issue price for that class will be treated as the fair market value of the class on the closing date. Under the OID regulations, the stated redemption price of a REMIC regular certificate is equal to the total of all payments to be made on that certificate other than "qualified stated interest." Qualified stated interest includes interest that is unconditionally payable at least annually at a single fixed-rate, or in the case of a variable rate debt instrument, at a "qualified floating rate," an "objective rate," a combination of a single fixed-rate and one or more "qualified floating rates" or one "qualified inverse floating rate," or a combination of "qualified floating rates" that generally does not operate in a manner that accelerates or defers interest payments on a REMIC regular certificate.

In the case of REMIC regular certificates bearing adjustable interest rates, the determination of the total amount of original issue discount and the timing of the inclusion of the original issue discount will vary according to the characteristics of the REMIC regular certificates. If the original issue discount rules apply to the certificates, the accompanying prospectus supplement will describe the manner in which the rules will be applied by the master servicer or the Certificate Administrator, as applicable, with respect to those certificates in preparing information returns to the certificateholders and the Internal Revenue Service, or IRS.

Some classes of the REMIC regular certificates may provide for the first interest payment with respect to their certificates to be made more than one month after the date of issuance, a period which is longer than the subsequent monthly intervals between interest payments. Assuming the "accrual period" (as defined below) for original issue discount is each monthly period that begins or ends on a distribution date, in some cases, as a consequence of this "long first accrual period," some or all interest payments may be required to be included in the stated redemption price of the REMIC regular certificate and accounted for as original issue discount. Because interest on REMIC regular certificates must in any event be accounted for under an accrual method, applying this analysis would result in only a slight difference in the timing of the inclusion in income of the yield on the REMIC regular certificates.

In addition, if the accrued interest to be paid on the first distribution date is computed with respect to a period that begins prior to the closing date, a portion of the purchase price paid for a REMIC regular certificate will reflect the accrued interest. In these cases, information returns to the certificateholders and the IRS will be based on the position that the portion of the purchase price paid for the interest accrued with respect to periods prior

to the closing date is treated as part of the overall cost of the REMIC regular certificate, and not as a separate asset the cost of which is recovered entirely out of interest received on the next distribution date, and that portion of the interest paid on the first distribution date in excess of interest accrued for a number of days corresponding to the number of days from the closing date to the first distribution date should be included in the stated redemption price of the REMIC regular certificate. However, the OID regulations state that all or some portion of the accrued interest may be treated as a separate asset the cost of which is recovered entirely out of interest paid on the first distribution date. It is unclear how an election to do so would be made under the OID regulations and whether that election could be made unilaterally by a certificateholder.

Notwithstanding the general definition of original issue discount, original issue discount on a REMIC regular certificate will be considered to be *de minimis* if it is less than 0.25% of the stated redemption price of the REMIC regular certificate multiplied by its weighted average life. For this purpose, the weighted average life of the REMIC regular certificate is computed as the sum of the amounts determined, as to each payment included in the stated redemption price of the REMIC regular certificate, by multiplying (i) the number of complete years, rounding down for partial years, from the issue date until the payment is expected to be made, presumably taking into account the prepayment assumption, by (ii) a fraction, the numerator of which is the amount of the payment, and the denominator of which is the stated redemption price at maturity of the REMIC regular certificate. Under the OID regulations, original issue discount of only a *de minimis* amount, other than *de minimis* original issue discount attributable to a so-called "teaser" interest rate or an initial interest holiday, will be included in income as each payment of stated principal is made, based on the product of the total remaining amount of the *de minimis* original issue discount and a fraction, the numerator of which is the amount of the principal payment, and the denominator of which is the outstanding stated principal amount of the REMIC regular certificate. The OID regulations also would permit a certificateholder to elect to accrue *de minimis* original issue discount into income currently based on a constant yield method. See "—Market Discount" below for a description of that election under the OID regulations.

If original issue discount on a REMIC regular certificate is in excess of a *de minimis* amount, the holder of the certificate must include in ordinary gross income the sum of the "daily portions" of original issue discount for each day during its taxable year on which it held the REMIC regular certificate, including the purchase date but excluding the disposition date. In the case of an original holder of a REMIC regular certificate, the daily portions of original issue discount will be determined as follows.

The accompanying prospectus supplement will describe the applicable accrual period. In general, each "accrual period," that begins or ends on a date that corresponds to a distribution date and begins on the first day following the immediately preceding accrual period, or in the case of the first accrual period, begins on the closing date, a calculation will be made of the portion of the original issue discount that accrued during that accrual period. The portion of original issue discount that accrues in any accrual period will equal the excess, if any, of (i) the sum of (A) the present value, as of the end of the accrual period, of all of the distributions remaining to be made on the REMIC regular certificate, if any, in future periods and (B) the distributions made on the REMIC regular certificate during the accrual period of amounts included in the stated redemption price, over (ii) the adjusted issue price of the REMIC regular certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence will be calculated (1) assuming that distributions on the REMIC regular certificate will be received in future periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption and (2) using a discount rate equal to the original yield to maturity of the certificate. For these purposes, the original yield to maturity of the certificate will be calculated based on its issue price and assuming that distributions on the certificate will be made in all accrual periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption. The adjusted issue price of a REMIC regular certificate at the beginning of any accrual period will equal the issue price of the certificate, increased by the aggregate amount of original issue discount that accrued with respect to that certificate in prior accrual periods, and reduced by the amount of any distributions made on that REMIC regular certificate in prior accrual periods of amounts included in its stated redemption price. The original issue discount accruing during any accrual period, computed as described above, will be allocated ratably to each day during the accrual period to determine the daily portion of original issue discount for that day.

The OID regulations suggest that original issue discount with respect to securities that represent multiple uncertificated REMIC regular interests, in which ownership interests will be issued simultaneously to the same buyer and which may be required under the related pooling and servicing agreement to be transferred together,

should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to securities that represent the ownership of multiple uncertificated REMIC regular interests will be reported to the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated in the accompanying prospectus supplement, treating all uncertificated regular interests as a single debt instrument as described in the OID regulations, so long as the pooling and servicing agreement requires that the uncertificated regular interests be transferred together.

A subsequent purchaser of a REMIC regular certificate that purchases the certificate at a cost, excluding any portion of that cost attributable to accrued qualified stated interest, less than its remaining stated redemption price will also be required to include in gross income the daily portions of any original issue discount with respect to that certificate. However, each daily portion will be reduced, if the cost is in excess of its "adjusted issue price," in proportion to the ratio that excess bears to the aggregate original issue discount remaining to be accrued on the REMIC regular certificate. The adjusted issue price of a REMIC regular certificate on any given day equals (i) the adjusted issue price or, in the case of the first accrual period, the issue price, of the certificate at the beginning of the accrual period which includes that day, plus (ii) the daily portions of original issue discount for all days during the accrual period prior to that day minus (iii) any principal payments made during the accrual period prior to that day with respect to the certificate.

Market Discount

A certificateholder that purchases a REMIC regular certificate at a market discount, that is, in the case of a REMIC regular certificate issued without original issue discount, at a purchase price less than its remaining stated principal amount, or in the case of a REMIC regular certificate issued with original issue discount, at a purchase price less than its adjusted issue price will recognize income upon receipt of each distribution representing stated redemption price. In particular, under Section 1276 of the Internal Revenue Code such a certificateholder generally will be required to allocate the portion of each distribution representing stated redemption price first to accrued market discount not previously included in income, and to recognize ordinary income to that extent.

A certificateholder may elect to include market discount in income currently as it accrues rather than including it on a deferred basis in accordance with the foregoing. If made, the election will apply to all market discount bonds acquired by the certificateholder on or after the first day of the first taxable year to which the election applies. In addition, the OID regulations permit a certificateholder to elect to accrue all interest, discount, including *de minimis* market or original issue discount, and premium in income as interest, based on a constant yield method. If the election were made with respect to a REMIC regular certificate with market discount, the certificateholder would be deemed to have made an election to include currently market discount in income with respect to all other debt instruments having market discount that the certificateholder acquires during the taxable year of the election or thereafter. Similarly, a certificateholder that made this election for a certificate that is acquired at a premium would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that the certificateholder owns or acquires. See "—Premium" below. Each of these elections to accrue interest, discount and premium with respect to a certificate on a constant yield method or as interest may not be revoked without the consent of the IRS.

However, market discount with respect to a REMIC regular certificate will be considered to be *de minimis* for purposes of Section 1276 of the Internal Revenue Code if the market discount is less than 0.25% of the remaining stated redemption price of the REMIC regular certificate multiplied by the number of complete years to maturity remaining after the date of its purchase. In interpreting a similar rule with respect to original issue discount on obligations payable in installments, the OID regulations refer to the weighted average maturity of obligations, and it is likely that the same rule will be applied with respect to market discount, presumably taking into account the prepayment assumption. If market discount is treated as *de minimis* under this rule, it appears that the actual discount would be treated in a manner similar to original issue discount of a *de minimis* amount. See "— Original Issue Discount." This treatment may result in discount being included in income at a slower rate than discount would be required to be included in income using the method described above.

Section 1276(b)(3) of the Internal Revenue Code specifically authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments, the principal of which is payable in more than one installment. Until regulations are issued by the Treasury Department, certain rules described in the Committee Report apply. The Committee Report indicates that in each accrual period market discount on REMIC regular certificates should accrue, at the certificateholder's option:

- on the basis of a constant yield method,
- in the case of a REMIC regular certificate issued without original issue discount, in an amount that bears the same ratio to the total remaining market discount as the stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the REMIC regular certificate as of the beginning of the accrual period, or
- in the case of a REMIC regular certificate issued with original issue discount, in an amount that bears the same ratio to the total remaining market discount as the original issue discount accrued in the accrual period bears to the total original issue discount remaining on the REMIC regular certificate at the beginning of the accrual period.

Moreover, the prepayment assumption used in calculating the accrual of original issue discount is to be used in calculating the accrual of market discount. Because the regulations referred to in this paragraph have not been issued, it is not possible to predict what effect those regulations might have on the tax treatment of a REMIC regular certificate purchased at a discount in the secondary market.

To the extent that REMIC regular certificates provide for monthly or other periodic distributions throughout their term, the effect of these rules may be to require market discount to be includible in income at a rate that is not significantly slower than the rate at which the discount would accrue if it were original issue discount. Moreover, in any event a holder of a REMIC regular certificate generally will be required to treat a portion of any gain on the sale or exchange of that certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income.

In addition, under Section 1277 of the Internal Revenue Code, a holder of a REMIC regular certificate may be required to defer a portion of its interest deductions for the taxable year attributable to any indebtedness incurred or continued to purchase or carry a REMIC regular certificate purchased with market discount. For these purposes, the *de minimis* rule referred to above applies. Any deferred interest expense would not exceed the market discount that accrues during that taxable year and is, in general, allowed as a deduction not later than the year in which the market discount is includible in income. If the holder elects to include market discount in income currently as it accrues on all market discount instruments acquired by that holder in that taxable year or thereafter, the interest deferral rule described above will not apply.

Premium

A REMIC regular certificate purchased at a cost, excluding any portion of that cost attributable to accrued qualified stated interest, greater than its remaining stated redemption price will be considered to be purchased at a premium. The holder of a REMIC regular certificate may elect under Section 171 of the Internal Revenue Code to amortize that premium under the constant yield method over the life of the certificate. If made, this election will apply to all debt instruments having amortizable bond premium that the holder owns or subsequently acquires. Amortizable premium will be treated as an offset to interest income on the related REMIC regular certificate, rather than as a separate interest deduction. The OID regulations also permit certificateholders to elect to include all interest, discount and premium in income based on a constant yield method, further treating the certificateholder as having made the election to amortize premium generally. See "—Market Discount." The conference committee report states that the same rules that apply to accrual of market discount, which rules will require use of a prepayment assumption in accruing market discount with respect to REMIC regular certificates without regard to whether those certificates have original issue discount, will also apply in amortizing bond premium under Section 171 of the Internal Revenue Code. It is possible that the use of an assumption that there will be no prepayments may be required in calculating the amortization of premium.

Realized Losses

Under Section 166 of the Internal Revenue Code, both corporate holders of the REMIC regular certificates and noncorporate holders of the REMIC regular certificates that acquire those certificates in connection with a trade or business should be allowed to deduct, as ordinary losses, any losses sustained during a taxable year in which their certificates become wholly or partially worthless as the result of one or more Realized Losses on the mortgage collateral. However, it appears that a noncorporate holder that does not acquire a REMIC regular certificate in connection with a trade or business will not be entitled to deduct a loss under Section 166 of the Internal Revenue Code until the holder's certificate becomes wholly worthless--until its outstanding principal balance has been reduced to zero--and that the loss will be characterized as a short-term capital loss.

Each holder of a REMIC regular certificate will be required to accrue interest and original issue discount with respect to that certificate, without giving effect to any reductions in distributions attributable to defaults or delinquencies on the mortgage collateral or the underlying certificates until it can be established that any reduction ultimately will not be recoverable. As a result, the amount of taxable income reported in any period by the holder of a REMIC regular certificate could exceed the amount of economic income actually realized by the holder in that period. Although the holder of a REMIC regular certificate eventually will recognize a loss or reduction in income attributable to previously accrued and included income that, as the result of a Realized Loss, ultimately will not be realized, the law is unclear with respect to the timing and character of the loss or reduction in income.

Taxation of Owners of REMIC Residual Certificates

General

As residual interests, the REMIC residual certificates will be subject to tax rules that differ significantly from those that would apply if the REMIC residual certificates were treated for federal income tax purposes as direct ownership interests in the mortgage collateral or as debt instruments issued by the REMIC.

A holder of a REMIC residual certificate generally will be required to report its daily portion of the taxable income or, in accordance with the limitations noted in this discussion, the net loss of the REMIC for each day during a calendar quarter that the holder owned the REMIC residual certificate. For this purpose, the taxable income or net loss of the REMIC will be allocated to each day in the calendar quarter ratably using a "30 days per month/90 days per quarter/360 days per year" convention. The daily amounts will then be allocated among the REMIC residual certificateholders in proportion to their respective ownership interests on that day. Any amount included in the gross income or allowed as a loss of any REMIC residual certificateholder by virtue of this allocation will be treated as ordinary income or loss. The taxable income of the REMIC will be determined under the rules described in this prospectus in "—Taxable Income of the REMIC" and will be taxable to the REMIC residual certificateholders without regard to the timing or amount of cash distributions by the REMIC. Ordinary income derived from REMIC residual certificates will be "portfolio income" for purposes of the taxation of taxpayers in accordance with limitations under Section 469 of the Internal Revenue Code on the deductibility of "passive losses."

A holder of a REMIC residual certificate that purchased the certificate from a prior holder of that certificate also will be required to report on its federal income tax return amounts representing its daily portion of the taxable income or net loss of the REMIC for each day that it holds the REMIC residual certificate. These daily portions generally will equal the amounts of taxable income or net loss determined as described above. The committee report indicates that modifications of the general rules may be made, by regulations, legislation or otherwise, to reduce, or increase, the income or loss of a REMIC residual certificateholder that purchased the REMIC residual certificate from a prior holder of such certificate at a price greater than, or less than, the adjusted basis (as defined below) that REMIC residual certificate would have had in the hands of an original holder of that certificate. The REMIC regulations, however, do not provide for any such modifications.

Any payments received by a holder of a REMIC residual certificate in connection with the acquisition of that Certificate will be taken into account in determining the income of that holder for federal income tax purposes. On May 11, 2004, the IRS issued final regulations that require such payment to be included in income over time according to an amortization schedule that reasonably reflects the costs and benefits of holding the REMIC residual certificate over its expected life. The regulations also provide two more specific methods that

will be accepted as meeting the general test set forth above for determining the timing and amount of income inclusion. One method generally follows the method of inclusion used by the taxpayer for GAAP purposes, but not over a period shorter than the period over which the REMIC is expected to generate income. The other method calls for ratable inclusion over the remaining anticipated weighted average life of the REMIC as of the time the REMIC residual certificate is transferred to the taxpayer. Holders of REMIC residual certificates are encouraged to consult their tax advisors concerning the treatment of these payments for income tax purposes under the regulations.

The amount of income REMIC residual certificateholders will be required to report, or the tax liability associated with that income, may exceed the amount of cash distributions received from the REMIC for the corresponding period. Consequently, REMIC residual certificateholders should have other sources of funds sufficient to pay any federal income taxes due as a result of their ownership of REMIC residual certificates or unrelated deductions against which income may be offset, subject to the rules relating to "excess inclusions" and "noneconomic" residual interests discussed below. The fact that the tax liability associated with the income allocated to REMIC residual certificateholders may exceed the cash distributions received by the REMIC residual certificateholders for the corresponding period may significantly adversely affect the REMIC residual certificateholders' after-tax rate of return.

Taxable Income of the REMIC

The taxable income of the REMIC will equal the income from the mortgage collateral and other assets of the REMIC plus any cancellation of indebtedness income due to the allocation of Realized Losses to REMIC regular certificates, less the deductions allowed to the REMIC for interest, including original issue discount and reduced by the amortization of any premium received on issuance, on the REMIC regular certificates, and any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, amortization of any premium on the mortgage collateral, bad debt deductions with respect to the mortgage collateral and, except as described below, for servicing, administrative and other expenses.

For purposes of determining its taxable income, the REMIC will have an initial aggregate basis in its assets equal to their fair market value immediately after their transfer to the REMIC. For this purpose, the master servicer or the Certificate Administrator, as applicable, intends to treat the fair market value of the mortgage collateral as being equal to the aggregate issue prices of the REMIC regular certificates and REMIC residual certificates. The aggregate basis will be allocated among the mortgage collateral collectively and the other assets of the REMIC in proportion to their respective fair market values. The issue price of any REMIC certificates offered hereby will be determined in the manner described above under "— Taxation of Owners of REMIC Regular Certificates—Original Issue Discount." Accordingly, if one or more classes of REMIC certificates are retained initially rather than sold, the master servicer or the Certificate Administrator, as applicable, may be required to estimate the fair market value of those interests in order to determine the basis of the REMIC in the mortgage collateral and other property held by the REMIC.

Subject to the possible application of the *de minimis* rules, the method of accrual by the REMIC of original issue discount income and market discount income with respect to mortgage collateral that it holds will be equivalent to the method of accruing original issue discount income for REMIC regular certificateholders--under the constant yield method taking into account the prepayment assumption. However, a REMIC that acquires collateral at a market discount must include the discount in income currently, as it accrues, on a constant interest basis. See "— Taxation of Owners of REMIC Regular Certificates" above, which describes a method of accruing discount income that is analogous to that required to be used by a REMIC as to mortgage collateral with market discount that it holds.

An item of mortgage collateral will be deemed to have been acquired with discount or premium to the extent that the REMIC's basis therein, determined as described in the preceding paragraph, is less than or greater than its stated redemption price. Any discount will be includible in the income of the REMIC as it accrues, in advance of receipt of the cash attributable to that income, under a method similar to the method described above for accruing original issue discount on the REMIC regular certificates. It is anticipated that each REMIC will elect under Section 171 of the Internal Revenue Code to amortize any premium on the mortgage collateral. Premium on any item of mortgage collateral to which the election applies may be amortized under a constant yield method, presumably taking into account a prepayment assumption.

A REMIC will be allowed deductions for interest, including original issue discount, on the REMIC regular certificates, including any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, equal to the deductions that would be allowed if the REMIC regular certificates, including any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, were indebtedness of the REMIC. Original issue discount will be considered to accrue for this purpose as described above under "— Taxation of Owners of REMIC Regular Certificates—Original Issue Discount," except that the *de minimis* rule and the adjustments for subsequent holders of REMIC regular certificates, including any other class of certificates constituting "regular interests" in the REMIC not offered hereby, described therein will not apply.

If a class of REMIC regular certificates is issued at an Issue Premium, the net amount of interest deductions that are allowed the REMIC in each taxable year with respect to the REMIC regular certificates of that class will be reduced by an amount equal to the portion of the Issue Premium that is considered to be amortized or repaid in that year. Although the matter is not entirely certain, it is likely that Issue Premium would be amortized under a constant yield method in a manner analogous to the method of accruing original issue discount described above under "—Taxation of Owners of REMIC Regular Certificates—Original Issue Discount."

As a general rule, the taxable income of the REMIC will be determined in the same manner as if the REMIC were an individual having the calendar year as its taxable year and using the accrual method of accounting. However, no item of income, gain, loss or deduction allocable to a prohibited transaction will be taken into account. See "—Prohibited Transactions and Other Possible REMIC Taxes" below. Further, the limitation on miscellaneous itemized deductions imposed on individuals by Section 67 of the Internal Revenue Code, which allows those deductions only to the extent they exceed in the aggregate two percent of the taxpayer's adjusted gross income, will not be applied at the REMIC level so that the REMIC will be allowed deductions for servicing, administrative and other non-interest expenses in determining its taxable income. All of these expenses will be allocated as a separate item to the holders of REMIC residual certificates, subject to the limitation of Section 67 of the Internal Revenue Code. See "—Possible Pass-Through of Miscellaneous Itemized Deductions." If the deductions allowed to the REMIC exceed its gross income for a calendar quarter, the excess will be the net loss for the REMIC for that calendar quarter.

Basis Rules, Net Losses and Distributions

The adjusted basis of a REMIC residual certificate will be equal to the amount paid for that REMIC residual certificate, increased by amounts included in the income of the related certificateholder and decreased, but not below zero, by distributions made, and by net losses allocated, to the related certificateholder.

A REMIC residual certificateholder is not allowed to take into account any net loss for any calendar quarter to the extent the net loss exceeds the REMIC residual certificateholder's adjusted basis in its REMIC residual certificate as of the close of that calendar quarter, determined without regard to the net loss. Any loss that is not currently deductible by reason of this limitation may be carried forward indefinitely to future calendar quarters and, in accordance with the same limitation, may be used only to offset income from the REMIC residual certificate. The ability of REMIC residual certificateholders to deduct net losses may be subject to additional limitations under the Internal Revenue Code, as to which the certificateholders are encouraged to consult their tax advisors.

Any distribution on a REMIC residual certificate will be treated as a non-taxable return of capital to the extent it does not exceed the holder's adjusted basis in the REMIC residual certificate. To the extent a distribution on a REMIC residual certificate exceeds the adjusted basis, it will be treated as gain from the sale of the REMIC residual certificate. Holders of REMIC residual certificates may be entitled to distributions early in the term of the related REMIC under circumstances in which their bases in the REMIC residual certificates will not be sufficiently large that distributions will be treated as nontaxable returns of capital. Their bases in the REMIC residual certificates will initially equal the amount paid for such REMIC residual certificates and will be increased by their allocable shares of taxable income of the trust. However, their basis increases may not occur until the end of the calendar quarter, or perhaps the end of the calendar year, with respect to which the REMIC taxable income is allocated to the REMIC residual certificateholders. To the extent the REMIC residual certificateholders' initial bases are less than the distributions to the REMIC residual certificateholders, and

increases in the initial bases either occur after distributions or, together with their initial bases, are less than the amount of the distributions, gain will be recognized to the REMIC residual certificateholders on those distributions and will be treated as gain from the sale of their REMIC residual certificates.

The effect of these rules is that a certificateholder may not amortize its basis in a REMIC residual certificate, but may only recover its basis through distributions, through the deduction of its share of any net losses of the REMIC or upon the sale of its REMIC residual certificate. See "— Sales of REMIC Certificates." For a discussion of possible modifications of these rules that may require adjustments to income of a holder of a REMIC residual certificate other than an original holder in order to reflect any difference between the cost of the REMIC residual certificate to its holder and the adjusted basis the REMIC residual certificate would have had in the hands of the original holder, see "—General."

Excess Inclusions

Any "excess inclusions" with respect to a REMIC residual certificate will be subject to federal income tax in all events.

In general, the "excess inclusions" with respect to a REMIC residual certificate for any calendar quarter will be the excess, if any, of (i) the sum of the daily portions of REMIC taxable income allocable to the REMIC residual certificate over (ii) the sum of the "daily accruals" (as defined below) for each day during that quarter that the REMIC residual certificate was held by the REMIC residual certificateholder. The daily accruals of a REMIC residual certificateholder will be determined by allocating to each day during a calendar quarter its ratable portion of the product of the "adjusted issue price" of the REMIC residual certificate at the beginning of the calendar quarter and 120% of the "long-term Federal rate" in effect on the closing date. For this purpose, the adjusted issue price of a REMIC residual certificate as of the beginning of any calendar quarter will be equal to the issue price of the REMIC residual certificate, increased by the sum of the daily accruals for all prior quarters and decreased, but not below zero, by any distributions made with respect to the REMIC residual certificate before the beginning of that quarter. The issue price of a REMIC residual certificate is the initial offering price to the public, excluding bond houses, brokers and underwriters, at which a substantial amount of the REMIC residual certificates were sold. If less than a substantial amount of a particular class of REMIC residual certificates is sold for cash on or prior to the closing date, the issue price of that class will be treated as the fair market value of that class on the closing date. The "long-term Federal rate" is an average of current yields on Treasury securities with a remaining term of greater than nine years, computed and published monthly by the IRS.

For REMIC residual certificateholders, an excess inclusion:

- will not be permitted to be offset by deductions, losses or loss carryovers from other activities,
- will be treated as "unrelated business taxable income" to an otherwise tax-exempt organization and
- will not be eligible for any rate reduction or exemption under any applicable tax treaty with respect to the 30% United States withholding tax imposed on distributions to REMIC residual certificateholders that are foreign investors.

See, however, "—Foreign Investors in REMIC Certificates."

Furthermore, for purposes of the alternative minimum tax, (i) excess inclusions will not be permitted to be offset by the alternative tax net operating loss deduction and (ii) alternative minimum taxable income may not be less than the taxpayer's excess inclusions; provided, however, that for purposes of (ii), alternative minimum taxable income is determined without regard to the special rule that taxable income cannot be less than excess inclusions. The latter rule has the effect of preventing nonrefundable tax credits from reducing the taxpayer's income tax to an amount lower than the alternative minimum tax on excess inclusions.

In the case of any REMIC residual certificates held by a real estate investment trust, the aggregate excess inclusions with respect to the REMIC residual certificates, reduced, but not below zero, by the real estate investment trust taxable income, within the meaning of Section 857(b)(2) of the Internal Revenue Code, excluding any net capital gain, will be allocated among the shareholders of the trust in proportion to the dividends received by the shareholders from the trust, and any amount so allocated will be treated as an excess inclusion

with respect to a REMIC residual certificate as if held directly by the shareholder. Treasury regulations yet to be issued could apply a similar rule to regulated investment companies, common trust funds and some cooperatives; the REMIC regulations currently do not address this subject.

Noneconomic REMIC Residual Certificates

Under the REMIC regulations, transfers of "noneconomic" REMIC residual certificates will be disregarded for all federal income tax purposes if "a significant purpose of the transfer was to enable the transferor to impede the assessment or collection of tax." If the transfer is disregarded, the purported transferor will continue to remain liable for any taxes due with respect to the income on the "noneconomic" REMIC residual certificate. The REMIC regulations provide that a REMIC residual certificate is noneconomic unless, based on the prepayment assumption and on any required or permitted clean up calls, or required qualified liquidation provided for in the REMIC's organizational documents, (1) the present value of the expected future distributions (discounted using the "applicable Federal rate" for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the REMIC residual certificate, which rate is computed and published monthly by the IRS) on the REMIC residual certificate equals at least the present value of the expected tax on the anticipated excess inclusions, and (2) the transferor reasonably expects that the transferee will receive distributions with respect to the REMIC residual certificate at or after the time the taxes accrue on the anticipated excess inclusions in an amount sufficient to satisfy the accrued taxes. Accordingly, all transfers of REMIC residual certificates that may constitute noneconomic residual interests will be subject to restrictions under the terms of the related pooling and servicing agreement or trust agreement that are intended to reduce the possibility of any transfer being disregarded. The restrictions will require each party to a transfer to provide an affidavit that no purpose of the transfer is to impede the assessment or collection of tax, including representations as to the financial condition of the prospective transferee, as to which the transferor also is required to make a reasonable investigation to determine the transferee's historic payment of its debts and ability to continue to pay its debts as they come due in the future. Prior to purchasing a REMIC residual certificate, prospective purchasers should consider the possibility that a purported transfer of the REMIC residual certificate by such a purchaser to another purchaser at some future date may be disregarded in accordance with the above-described rules which would result in the retention of tax liability by that purchaser.

The IRS has issued final REMIC regulations that add to the conditions necessary to assure that a transfer of a non-economic residual interest would be respected. The additional conditions require that in order to qualify as a safe harbor transfer of a residual interest, the transferee must represent that it will not cause the income "to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer" and either (i) the amount received by the transferee be no less on a present value basis (determined using the short-term rate provided by Section 1274(d) of the Internal Revenue Code) than the present value of the net tax detriment attributable to holding the residual interest reduced by the present value of the projected payments to be received on the residual interest or (ii) the transfer is to a domestic taxable corporation with specified large amounts of gross and net assets and that meets certain other requirements where agreement is made that all future transfers will be to taxable domestic corporations in transactions that qualify for the same "safe harbor" provision. Eligibility for the safe harbor requires, among other things, that the facts and circumstances known to the transferor at the time of transfer not indicate to a reasonable person that the taxes with respect to the residual interest will not be paid, with an unreasonably low cost for the transfer specifically mentioned as negating eligibility.

The accompanying prospectus supplement will disclose whether offered REMIC residual certificates may be considered "noneconomic" residual interests under the REMIC regulations. Any disclosure that a REMIC residual certificate will not be considered "noneconomic" will be based upon some assumptions, and the depositor will make no representation that a REMIC residual certificate will not be considered "noneconomic" for purposes of the above-described rules. See "—Foreign Investors in REMIC Certificates" for additional restrictions applicable to transfers of certain REMIC residual certificates to foreign persons.

Mark-to-Market Rules

The mark-to-market requirement applies to all securities owned by a dealer, except to the extent that the dealer has specifically identified a security as held for investment. The Mark-to-Market Regulations provide that for purposes of this mark-to-market requirement, a REMIC residual certificate acquired on or after January 4,

1995 is not treated as a security and thus may not be marked to market. Prospective purchasers of a REMIC residual certificate are encouraged to consult their tax advisors regarding the possible application of the mark-to-market requirement to REMIC residual certificates.

Possible Pass-Through of Miscellaneous Itemized Deductions

Fees and expenses of a REMIC generally will be allocated to the holders of the related REMIC residual certificates. The applicable Treasury regulations indicate, however, that in the case of a REMIC that is similar to a single class grantor trust, all or a portion of those fees and expenses should be allocated to the holders of the related REMIC regular certificates. Fees and expenses will be allocated to holders of the related REMIC residual certificates in their entirety and not to the holders of the related REMIC regular certificates.

With respect to REMIC residual certificates or REMIC regular certificates the holders of which receive an allocation of fees and expenses in accordance with the preceding discussion, if any holder thereof is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, (i) an amount equal to the individual's, estate's or trust's share of fees and expenses will be added to the gross income of that holder and (ii) the individual's, estate's or trust's share of fees and expenses will be treated as a miscellaneous itemized deduction allowable in accordance with the limitation of Section 67 of the Internal Revenue Code, which permits those deductions only to the extent they exceed in the aggregate two percent of a taxpayer's adjusted gross income. In addition, Section 68 of the Internal Revenue Code provides that the amount of itemized deductions otherwise allowable for an individual whose adjusted gross income exceeds a specified amount will be reduced. The amount of additional taxable income reportable by REMIC certificateholders that are covered by the limitations of either Section 67 or Section 68 of the Internal Revenue Code may be substantial. Furthermore, in determining the alternative minimum taxable income of such a holder of a REMIC certificate that is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, no deduction will be allowed for such holder's allocable portion of servicing fees and other miscellaneous itemized deductions of the REMIC, even though an amount equal to the amount of such fees and other deductions will be included in the holder's gross income. Accordingly, the REMIC certificates may not be appropriate investments for individuals, estates, or trusts, or pass-through entities beneficially owned by one or more individuals, estates or trusts. Any prospective investors are encouraged to consult with their tax advisors prior to making an investment in these certificates.

Tax and Restrictions on Transfers of REMIC Residual Certificates to Certain Organizations

If a REMIC residual certificate is transferred to a Disqualified Organization, a tax would be imposed in an amount, determined under the REMIC regulations, equal to the product of:

(1) the present value, discounted using the "applicable Federal rate" for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the certificate, which rate is computed and published monthly by the IRS, of the total anticipated excess inclusions with respect to the REMIC residual certificate for periods after the transfer; and

(2) the highest marginal federal income tax rate applicable to corporations.

The anticipated excess inclusions must be determined as of the date that the REMIC residual certificate is transferred and must be based on events that have occurred up to the time of transfer, the prepayment assumption and any required or permitted clean up calls or required liquidation provided for in the REMIC's organizational documents. This tax generally would be imposed on the transferor of the REMIC residual certificate, except that where the transfer is through an agent for a Disqualified Organization, the tax would instead be imposed on that agent. However, a transferor of a REMIC residual certificate would in no event be liable for the tax with respect to a transfer if the transferee furnishes to the transferor an affidavit that the transferee is not a Disqualified Organization and, as of the time of the transfer, the transferor does not have actual knowledge that the affidavit is false. Moreover, an entity will not qualify as a REMIC unless there are reasonable arrangements designed to ensure that:

- residual interests in the entity are not held by Disqualified Organizations; and
- information necessary for the application of the tax described in this prospectus will be made available.

Restrictions on the transfer of REMIC residual certificates and other provisions that are intended to meet this requirement will be included in the pooling and servicing agreement, including provisions:

(1) requiring any transferee of a REMIC residual certificate to provide an affidavit representing that it is not a Disqualified Organization and is not acquiring the REMIC residual certificate on behalf of a Disqualified Organization, undertaking to maintain that status and agreeing to obtain a similar affidavit from any person to whom it shall transfer the REMIC residual certificate;

(2) providing that any transfer of a REMIC residual certificate to a Disqualified Organization shall be null and void; and

(3) granting to the master servicer the right, without notice to the holder or any prior holder, to sell to a purchaser of its choice any REMIC residual certificate that shall become owned by a Disqualified Organization despite (1) and (2) above.

In addition, if a Pass-Through Entity includes in income excess inclusions with respect to a REMIC residual certificate, and a Disqualified Organization is the record holder of an interest in that entity, then a tax will be imposed on the entity equal to the product of (i) the amount of excess inclusions on the REMIC residual certificate that are allocable to the interest in the Pass-Through Entity held by the Disqualified Organization and (ii) the highest marginal federal income tax rate imposed on corporations. A Pass-Through Entity will not be subject to this tax for any period, however, if each record holder of an interest in the Pass-Through Entity furnishes to that Pass-Through Entity (i) the holder's social security number and a statement under penalties of perjury that the social security number is that of the record holder or (ii) a statement under penalties of perjury that the record holder is not a Disqualified Organization. For taxable years beginning after December 31, 1997, notwithstanding the preceding two sentences, in the case of a REMIC residual certificate held by an "electing large partnership," all interests in such partnership shall be treated as held by Disqualified Organizations, without regard to whether the record holders of the partnership furnish statements described in the preceding sentence, and the amount that is subject to tax under the second preceding sentence is excluded from the gross income of the partnership allocated to the partners, in lieu of allocating to the partners a deduction for the tax paid by the partners.

Sales of REMIC Certificates

If a REMIC certificate is sold, the selling certificateholder will recognize gain or loss equal to the difference between the amount realized on the sale and its adjusted basis in the REMIC certificate. The adjusted basis of a REMIC regular certificate generally will equal the cost of that REMIC regular certificate to that certificateholder, increased by income reported by the certificateholder with respect to that REMIC regular certificate, including original issue discount and market discount income, and reduced, but not below zero, by distributions on the REMIC regular certificate received by the certificateholder and by any amortized premium. The adjusted basis of a REMIC residual certificate will be determined as described under "—Taxation of Owners of REMIC Residual Certificates—Basis Rules, Net Losses and Distributions." Except as described below, any gain or loss generally will be capital gain or loss.

Gain from the sale of a REMIC regular certificate that might otherwise be capital gain will be treated as ordinary income to the extent the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the seller's income with respect to the REMIC regular certificate had income accrued thereon at a rate equal to 110% of the "applicable federal rate," which is typically a rate based on an average of current yields on Treasury securities having a maturity comparable to that of the certificate, which rate is computed and published monthly by the IRS, determined as of the date of purchase of the REMIC regular certificate, over (ii) the amount of ordinary income actually includible in the seller's income prior to the sale. In addition, gain recognized on the sale of a REMIC regular certificate by a seller who purchased the REMIC regular certificate at a market discount will be taxable as ordinary income to the extent of any accrued and previously unrecognized market discount that accrued during the period the certificate was held. See "—Taxation of Owners of REMIC Regular Certificates—Discount."

REMIC certificates will be "evidences of indebtedness" within the meaning of Section 582(c)(1) of the Internal Revenue Code, so that gain or loss recognized from the sale of a REMIC certificate by a bank or thrift institution to which that section applies will be ordinary income or loss.

A portion of any gain from the sale of a REMIC regular certificate that might otherwise be capital gain may be treated as ordinary income to the extent that the certificate is held as part of a "conversion transaction" within the meaning of Section 1258 of the Internal Revenue Code. A conversion transaction generally is one in which the taxpayer has taken two or more positions in certificates or similar property that reduce or eliminate market risk, if substantially all of the taxpayer's return is attributable to the time value of the taxpayer's net investment in the transaction. The amount of gain so realized in a conversion transaction that is recharacterized as ordinary income generally will not exceed the amount of interest that would have accrued on the taxpayer's net investment at 120% of the appropriate "applicable Federal rate," which rate is computed and published monthly by the IRS, at the time the taxpayer enters into the conversion transaction, subject to appropriate reduction for prior inclusion of interest and other ordinary income items from the transaction.

Finally, a taxpayer may elect to have net capital gain taxed at ordinary income rates rather than capital gains rates in order to include any net capital gain in total net investment income for the taxable year, for purposes of the limitation on the deduction of interest on indebtedness incurred to purchase or carry property held for investment to a taxpayer's net investment income.

If the seller of a REMIC residual certificate reacquires the certificate, any other residual interest in a REMIC or any similar interest in a "taxable mortgage pool" (as defined in Section 7701(i) of the Internal Revenue Code) within six months of the date of the sale, the sale will be subject to the "wash sale" rules of Section 1091 of the Internal Revenue Code. In that event, any loss realized by the REMIC residual certificateholders on the sale will not be deductible, but instead will be added to the REMIC residual certificateholders' adjusted basis in the newly-acquired asset.

Losses on the sale of a REMIC residual certificate in excess of a threshold amount (which amount could need to be aggregated with similar or previous losses) may require disclosure of such loss on an IRS Form 8886. Investors are encouraged to consult with their tax advisors as to the need to file such forms.

Tax Return Disclosure and Investor List Requirements

Recent Treasury regulations directed at potentially abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. The regulations require taxpayers to report certain disclosures on IRS Form 8886 if they participate in a "reportable transaction." Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based upon any of several indicia, one or more of which may be present with respect to your investment in the certificates. There are significant penalties for failure to comply with these disclosure requirements. Investors in REMIC residual certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the depositor and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to the transaction.

Prohibited Transactions and Other Possible REMIC Taxes

The Internal Revenue Code imposes a prohibited transactions tax, which is a tax on REMICs equal to 100% of the net income derived from prohibited transactions. In general, subject to specified exceptions a prohibited transaction means the disposition of an item of mortgage collateral, the receipt of income from a source other than an item of mortgage collateral or other Permitted Investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on the mortgage collateral for temporary investment pending distribution on the REMIC certificates. It is not anticipated that any REMIC will engage in any prohibited transactions in which it would recognize a material amount of net income. In addition, some contributions to a REMIC made after the day on which the REMIC issues all of its interests could result in the imposition of a contributions tax, which is a tax on the REMIC equal to 100% of the value of the contributed property. Each pooling and servicing agreement or trust agreement will include provisions designed to prevent the acceptance of any contributions that would be subject to the tax.

REMICs also are subject to federal income tax at the highest corporate rate on "net income from foreclosure property," determined by reference to the rules applicable to real estate investment trusts. "Net income from foreclosure property" generally means gain from the sale of a foreclosure property that is inventory property and

gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust. It is not anticipated that any REMIC will recognize "net income from foreclosure property" subject to federal income tax.

It is not anticipated that any material state or local income or franchise tax will be imposed on any REMIC.

To the extent permitted by then applicable laws, any prohibited transactions tax, contributions tax, tax on "net income from foreclosure property" or state or local income or franchise tax that may be imposed on the REMIC will be borne by the related master servicer, the Certificate Administrator or the trustee in any case out of its own funds, provided that the master servicer, the Certificate Administrator or the trustee, as the case may be, has sufficient assets to do so, and provided further that the tax arises out of a breach of the master servicer's, the Certificate Administrator's or the trustee's obligations, as the case may be, under the related pooling and servicing agreement or trust agreement and relating to compliance with applicable laws and regulations. Any tax not borne by the master servicer, the Certificate Administrator or the trustee will be payable out of the related trust resulting in a reduction in amounts payable to holders of the related REMIC certificates.

Termination

A REMIC will terminate immediately after the distribution date following receipt by the REMIC of the final payment from the mortgage collateral or upon a sale of the REMIC's assets following the adoption by the REMIC of a plan of complete liquidation. The last distribution on a REMIC regular certificate will be treated as a payment in retirement of a debt instrument. In the case of a REMIC residual certificate, if the last distribution on the REMIC residual certificate is less than the certificateholder's adjusted basis in the certificate, the certificateholder should be treated as realizing a loss equal to the amount of the difference, and the loss may be treated as a capital loss.

Reporting and Other Administrative Matters

Solely for purposes of the administrative provisions of the Internal Revenue Code, the REMIC will be treated as a partnership and REMIC residual certificateholders will be treated as partners. The master servicer or the Certificate Administrator, as applicable, will file REMIC federal income tax returns on behalf of the related REMIC and will act as the "tax matters person" for the REMIC in all respects, and may hold a nominal amount of REMIC residual certificates.

As the tax matters person, the master servicer or the Certificate Administrator, as applicable, will have the authority to act on behalf of the REMIC and the REMIC residual certificateholders in connection with the administrative and judicial review of items of income, deduction, gain or loss of the REMIC, as well as the REMIC's classification. REMIC residual certificateholders will be required to report the REMIC items consistently with their treatment on the related REMIC's tax return and may in some circumstances be bound by a settlement agreement between the master servicer, or the Certificate Administrator, as applicable, as tax matters person, and the IRS concerning any REMIC item.

Adjustments made to the REMIC tax return may require a REMIC residual certificateholder to make corresponding adjustments on its return, and an audit of the REMIC's tax return, or the adjustments resulting from an audit, could result in an audit of the certificateholder's return. No REMIC will be registered as a tax shelter under Section 6111 of the Internal Revenue Code because it is not anticipated that any REMIC will have a net loss for any of the first five taxable years of its existence. Any person that holds a REMIC residual certificate as a nominee for another person may be required to furnish to the related REMIC, in a manner to be provided in Treasury regulations, the name and address of that person and other information.

Reporting of interest income, including any original issue discount, with respect to REMIC regular certificates is required annually, and may be required more frequently under Treasury regulations. These information reports are required to be sent to individual holders of REMIC regular Interests and the IRS; holders of REMIC regular certificates that are corporations, trusts, securities dealers and other non-individuals will be provided interest and original issue discount income information and the information in the following paragraph upon request in accordance with the requirements of the applicable regulations. The information must be provided by the later of 30 days after the end of the quarter for which the information was requested, or two weeks after the receipt of the request. The REMIC must also comply with rules requiring certain information to

be reported to the IRS. Reporting with respect to the REMIC residual certificates, including income, excess inclusions, investment expenses and relevant information regarding qualification of the REMIC's assets will be made as required under the Treasury regulations, typically on a quarterly basis.

As applicable, the REMIC regular certificate information reports will include a statement of the adjusted issue price of the REMIC regular certificate at the beginning of each accrual period. In addition, the reports will include information required by regulations with respect to computing the accrual of any market discount. Because exact computation of the accrual of market discount on a constant yield method requires information relating to the holder's purchase price that the master servicer, or the Certificate Administrator, as applicable, will not have, the regulations only require that information pertaining to the appropriate proportionate method of accruing market discount be provided. See "—Taxation of Owners of REMIC Regular Certificates—Market Discount."

The responsibility for complying with the foregoing reporting rules will be borne by the master servicer or the Certificate Administrator. Certificateholders may request any information with respect to the returns described in Section 1.6049-7(e)(2) of the Treasury regulations. Any request should be directed to the master servicer or Certificate Administrator, as applicable, at Residential Funding Corporation, 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437.

Backup Withholding with Respect to REMIC Certificates

Payments of interest and principal, as well as payments of proceeds from the sale of REMIC certificates, may be subject to the "backup withholding tax" under Section 3406 of the Internal Revenue Code if recipients of payments fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from the tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient's federal income tax. Furthermore, penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

Foreign Investors in REMIC Certificates

A REMIC regular certificateholder that is not a United States person and is not subject to federal income tax as a result of any direct or indirect connection to the United States in addition to its ownership of a REMIC regular certificate will not be subject to United States federal income or withholding tax on a distribution on a REMIC regular certificate, provided that the holder complies to the extent necessary with certain identification requirements, including delivery of a statement, signed by the certificateholder under penalties of perjury, certifying that the certificateholder is not a United States person and providing the name and address of the certificateholder; this statement is generally made on IRS Form W-8BEN and must be updated whenever required information has changed or within three calendar years after the statement is first delivered. For these purposes, United States person means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia, except, in the case of a partnership, to the extent provided in regulations, provided that, for purposes solely of the restrictions on the transfer of residual interests, no partnership or other entity treated as a partnership for United States federal income tax purposes shall be treated as a United States person unless all persons that own an interest in such partnership either directly or through any entity that is not a corporation for United States federal income tax purposes are required by the applicable operating agreement to be United States persons or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. To the extent prescribed in regulations by the Secretary of the Treasury, which regulations have not yet been issued, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Internal Revenue Code), and which was treated as a United States person on August 19, 1996, may elect to continue to be treated as a United States person notwithstanding the previous sentence. It is possible that the IRS may assert that the foregoing tax exemption should not apply with respect to a REMIC regular certificate held by a REMIC residual certificateholder that owns directly or indirectly a 10% or greater interest in the REMIC residual certificates. If the holder does not qualify for exemption, distributions of interest, including distributions of accrued original issue discount, to the holder may be subject to a tax rate of 30%, subject to reduction under any applicable tax treaty.

Special rules apply to partnerships, estates and trusts, and in certain circumstances certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

In addition, the foregoing rules will not apply to exempt a United States shareholder of a controlled foreign corporation from taxation on the United States shareholder's allocable portion of the interest income received by the controlled foreign corporation.

Further, it appears that a REMIC regular certificate would not be included in the estate of a non-resident alien individual and would not be subject to United States estate taxes. However, certificateholders who are non-resident alien individuals are encouraged to consult their tax advisors concerning this question.

Transfers of REMIC residual certificates to investors that are not United States persons will be prohibited under the related pooling and servicing agreement or trust agreement.

STATE AND OTHER TAX CONSEQUENCES

In addition to the federal income tax consequences described in "Material Federal Income Tax Consequences," potential investors should consider the state and local tax consequences of the acquisition, ownership, and disposition of the certificates offered hereunder. State tax law may differ substantially from the corresponding federal tax law, and the discussion above does not purport to describe any aspect of the tax laws of any state or other jurisdiction. Therefore, prospective investors are encouraged to consult their tax advisors with respect to the various tax consequences of investments in the certificates offered hereby.

ERISA CONSIDERATIONS

Sections 404 and 406 of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, impose fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA and various other retirement plans and arrangements, including bank collective investment funds and insurance company general and separate accounts in which those employee benefit plans and arrangements are invested. Section 4975 of the Internal Revenue Code imposes essentially the same prohibited transaction restrictions on certain tax-favored plans, including tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and individual retirement accounts described in Section 408 of the Internal Revenue Code.

Some employee benefit plans, including governmental plans, as defined in Section 3(32) of ERISA, and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans, as defined in Section 3(33) of ERISA, are not subject to the ERISA requirements discussed in this prospectus. Accordingly, assets of these plans may be invested in certificates without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any plan that is a tax-qualified plan and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules in Section 503(b) of the Internal Revenue Code.

Section 404 of ERISA imposes general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan. In addition, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving assets of employee benefit plans and arrangements and tax-favored plans, which are collectively referred to in this prospectus as "ERISA plans," and persons, called "parties in interest" under ERISA or "disqualified persons" under the Internal Revenue Code, which are collectively referred to in this prospectus as "parties in interest," who have specified relationships to the ERISA plans, unless a statutory, regulatory or administrative exemption is available. Some parties in interest that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed under Section 502(i) of ERISA or Section 4975 of the Internal Revenue Code, unless a statutory, regulatory or administrative exemption is available with respect to any transaction of this sort.

ERISA Plan Asset Regulations

An investment of assets of an ERISA plan in certificates may cause the underlying mortgage loans, contracts, mortgage securities or any other assets held in a trust to be deemed ERISA plan assets of the ERISA plan. The U.S. Department of Labor, or DOL, has promulgated regulations at 29 C.F.R. Section 2510.3-101

concerning whether or not an ERISA plan's assets would be deemed to include an interest in the underlying assets of an entity, including a trust, for purposes of applying the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, when an ERISA plan acquires an "equity interest," such as a certificate, in that entity.

Some of the rules contained in the DOL regulations provide that ERISA plan assets may be deemed to include an undivided interest in each asset of an entity, such as a trust, in which an ERISA plan makes an equity investment. Therefore, ERISA plans and entities deemed to hold ERISA plan assets should not acquire or hold certificates in reliance upon the availability of any exception under the DOL regulations. For purposes of this section, the terms "ERISA plan assets" and "assets of an ERISA plan" have the meanings specified in the DOL regulations and include an undivided interest in the underlying assets of entities in which an ERISA plan holds an equity interest.

Under the DOL regulations, the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code may apply to the assets of a trust and cause the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or affiliates of those entities to be considered or become parties in interest for an investing ERISA plan or an ERISA plan holding an interest in an ERISA-subject investment entity. If so, the acquisition or holding of certificates by or on behalf of the investing ERISA plan could also give rise to a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code, unless some statutory, regulatory or administrative exemption is available. Certificates acquired by an ERISA plan would be assets of that ERISA plan. Under the DOL regulations, a trust, including the mortgage loans, contracts, mortgage securities or any other assets held in the trust, may also be deemed to be assets of each ERISA plan that acquires certificates. Special caution should be exercised before ERISA plan assets are used to acquire a certificate in those circumstances, especially if, for the ERISA plan assets, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or an affiliate thereof either (i) has investment discretion with respect to the investment of the ERISA plan assets; or (ii) has authority or responsibility to give, or regularly gives, investment advice (direct or indirect) with respect to the ERISA plan assets for a fee under an agreement or understanding that this advice will serve as a primary basis for investment decisions with respect to the ERISA plan assets.

Any person who has discretionary authority or control with respect to the management or disposition of ERISA plan assets, and any person who provides investment advice with respect to the ERISA plan assets for a fee (in the manner described above), is a fiduciary of the investing ERISA plan. If the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then any party exercising management or discretionary control with respect to those ERISA plan assets may be deemed to be a "fiduciary," and thus subject to the general fiduciary requirements of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, for any investing ERISA plan. In addition, if the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then the acquisition or holding of certificates by or on behalf of an ERISA plan or with ERISA plan assets, as well as the operation of the trust, may constitute or result in a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions

The DOL has issued an individual prohibited transaction exemption, or PTE, 94-29, 59 Fed. Reg. 14674 (March 29, 1994), as most recently amended by 2002-41, 67 Fed. Reg. 54487 (August 22, 2002), referred to in this prospectus as the "RFC exemption," to Residential Funding Corporation and a number of its affiliates. The RFC exemption generally exempts, from the application of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code, various transactions, among others, relating to the servicing and operation of pools of secured obligations of some types, including mortgage loans, contracts or mortgage securities, which are held in a trust or by another "issuer" and the purchase, sale and holding of pass-through certificates or other "securities" issued by a trust or other issuer as to which:

- the depositor or any of its affiliates is the sponsor if any entity which has received from the DOL an individual prohibited transaction exemption which is substantially similar to the RFC exemption is the sole underwriter, a manager or co-manager of the underwriting syndicate or a selling or placement agent; or

- the depositor or an affiliate is the underwriter or placement agent,

provided that the conditions of the exemption are satisfied. For purposes of this section, the term "underwriter" includes:

- the depositor and a number of its affiliates;
- any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the depositor and certain of its affiliates;
- any member of the underwriting syndicate or selling group of which a person described in the two clauses just above is a manager or co-manager with respect to a class of certificates; or
- any entity which has received from the DOL an exemption, called an asset-backed exemption, relating to securities which is substantially similar to the RFC exemption.

The RFC exemption sets forth eight general conditions which must be satisfied for a transaction involving the purchase, sale and holding of certificates to be eligible for exemptive relief thereunder.

- First, the acquisition of certificates by an ERISA plan or with ERISA plan assets must be on terms that are at least as favorable to the ERISA plan as they would be in an arm's-length transaction with an unrelated party.
- Second, the RFC exemption only applies to certificates evidencing rights and interests that are not subordinated to the rights and interests evidenced by the other certificates of the same trust, unless none of the mortgage loans or other assets has an LTV ratio that exceeds 100% at the date of issuance of the certificates.
- Third, at the time of acquisition by an ERISA plan or with ERISA plan assets, the certificates must be rated in one of the four highest generic rating categories by Standard & Poor's, a division of The McGraw Hill Companies, Inc., Moody's Investors Service, Inc. or Fitch Ratings, called the exemption rating agencies.
- Fourth, the certificates must be rated in one of the two highest generic categories by the exemption rating agencies if the LTV ratio of any one- to four-family residential mortgage loan or home equity loan held in the trust exceeds 100% but does not exceed 125% (based on fair market value at the date of issuance of the certificates). However, the RFC exemption will not apply in this case:
  - to any of the certificates if:
    - any mortgage loan or other asset held in the trust (other than a one- to four-family residential mortgage loan or closed-end home equity loan) has an LTV ratio that exceeds 100% at the date of issuance of the certificates; or
    - any one- to four-family residential mortgage loan or closed-end home equity loan has an LTV ratio that exceeds 125% at the date of issuance of the certificates; or
  - to any subordinate certificates.
- Fifth, the trustee cannot be an affiliate of any other member of the restricted group (which consists of any underwriter, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the swap counterparty in any eligible swap arrangement, any yield maintenance provider and any mortgagor with respect to assets of a trust constituting more than 5% of the aggregate unamortized principal balance of the assets in the related trust as of the date of initial issuance of the certificates) other than an underwriter.
- Sixth, the sum of all payments made to and retained by the underwriters must represent not more than reasonable compensation for underwriting the certificates; the sum of all payments made to and retained by the depositor pursuant to the assignment of the assets to the related trust must represent not more than the fair market value of those obligations; and the sum of all payments made to and retained by the master servicer, the Certificate Administrator, any servicer and any subservicer must represent

not more than reasonable compensation for that person's services under the related pooling and servicing agreement or trust agreement and reimbursement of that person's reasonable expenses in connection therewith.

- Seventh, the investing ERISA plan or ERISA plan asset investor must be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act of 1933, as amended.
- Eighth, for issuers other than common law trusts, the documents establishing the issuer and governing the transaction must contain provisions as described in the RFC exemption that are intended to protect the assets of the issuer from creditors of the depositor.

The RFC exemption permits interest-rate swaps, interest rate caps and yield supplement agreements to be assets of a trust fund if certain conditions are satisfied.

An interest-rate swap or (if purchased by or on behalf of the trust) an interest-rate cap contract (collectively, a "swap" or "swap agreement") is a permitted trust fund asset if it: (a) is an "eligible swap;" (b) is with an "eligible counterparty;" (c) meets certain additional specific conditions which depend on whether the swap is a "ratings dependent swap" or a "non-ratings dependent swap;" and (d) permits the trust to make termination payments to the swap counterparty (other than currently scheduled payments) solely from excess spread or amounts otherwise payable to the servicer, depositor or seller. Securities to which one or more swap agreements apply may be acquired or held only by "qualified plan investors."

An "eligible swap" is one which: (a) is denominated in U.S. dollars; (b) pursuant to which the trust pays or receives on or immediately prior to the respective payment or distribution date for the class of securities to which the swap relates, a fixed rate of interest or a floating rate of interest based on a publicly available index (e.g., LIBOR or the U.S. Federal Reserve's Cost of Funds Index (COFI)), with the trust receiving such payments on at least a quarterly basis and obligated to make separate payments no more frequently than the counterparty, with all simultaneous payments being netted ("allowable interest rate"); (c) has a notional amount that does not exceed either: (i) the principal balance of the class of securities to which the swap related, or (ii) the portion of the principal balance of such class represented by obligations ("allowable notional amount"); (d) is not leveraged (i.e., payments are based on the applicable notional amount, the day count fractions, the fixed or floating rates permitted above, and the difference between the products thereof, calculated on a one-to-one ratio and not on a multiplier of such difference) ("leveraged"); (e) has a final termination date that is either the earlier of the date on which the issuer terminates or the related class of securities are fully repaid and (f) does not incorporate any provision which could cause a unilateral alteration in the requirements described in (a) through (d) above.

An "eligible counterparty" means a bank or other financial institution that has a rating at the date of issuance of the securities that is in one of the three highest long-term credit rating categories or one of the two highest short-term credit rating categories, utilized by at least one of the exemption rating agencies rating the securities; provided that, if a counterparty is relying on its short-term rating to establish eligibility, such counterparty must either have a long-term rating in one of the three highest long-term rating categories or not have a long-term rating from the applicable exemption rating agency.

A "qualified plan investor" is a plan for which the decision to buy such class of securities is made by an independent fiduciary qualified to understand the swap transaction and the effect the swap would have on the rating of the securities, which fiduciary must (a) be a "qualified professional asset manager" ("QPAM") under PTCE 84-14, (b) be an "in-house asset manager" under PTCE 96-23 or (c) have total assets (both plan and non-plan) under management of at least $100 million at the time the securities are acquired by the plan.

In "ratings dependent swaps" (where the rating of a class of securities is dependent on the terms and conditions of the swap and the rating of the counterparty), the swap agreement must provide that if the credit rating of the counterparty is withdrawn or reduced by any exemption rating agency below a level specified by the exemption rating agency, the servicer must, within the period specified under the Pooling and Servicing Agreement: (a) obtain a replacement swap agreement with an eligible counterparty which is acceptable to the exemption rating agency and the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); or (b) cause the swap counterparty to establish any collateralization or other arrangement satisfactory to the exemption rating agency such that the then current rating by the exemption rating agency of the particular class of securities will not be withdrawn or reduced (and the

terms of the swap agreement must specifically obligate the counterparty to perform these duties for any class of securities with a term of more than one year). In the event that the servicer fails to meet these obligations, holders of the securities that are employee benefit plans or other retirement arrangements must be notified in the immediately following periodic report which is provided to the holders of the securities but in no event later than the end of the second month beginning after the date of such failure. Sixty days after the receipt of such report, the exemptive relief provided under the underwriter exemption will prospectively cease to be applicable to any class of securities held by an employee benefit plan or other retirement arrangement which involves such ratings dependent swap.

"Non-ratings dependent swaps" (those where the rating of the securities does not depend on the terms and conditions of the swap or the rating of the counterparty) are subject to the following conditions. If the credit rating of the counterparty is withdrawn or reduced below the lowest level permitted above, the servicer will, within a specified period after such rating withdrawal or reduction: (a) obtain a replacement swap agreement with an eligible counterparty, the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); (b) cause the counterparty to post collateral with the trust in an amount equal to all payments owed by the counterparty if the swap transaction were terminated; or (c) terminate the swap agreement in accordance with its terms. With respect to a non-ratings dependent swap, each exemption rating agency must confirm, as of the date of issuance of securities by the Trust, that entering into such swap will not affect the rating of the securities.

An "eligible yield supplement agreement" is any yield supplement agreement or similar arrangement or (if purchased by or on behalf of the trust) an interest rate cap contract to supplement the interest rates otherwise payable on obligations held by the trust fund ("EYS Agreement"). If the EYS Agreement has a notional principal amount, the EYS Agreement may only be held as an asset of the trust fund if it meets the following conditions: (a) it is denominated in U.S. dollars; (b) it pays an allowable interest rate; (c) it is not leveraged; (d) it does not allow any of these three preceding requirements to be unilaterally altered without the consent of the trustee; (e) it is entered into between the trust and an eligible counterparty and (f) it has an allowable notional amount.

The RFC exemption also requires that each trust meet the following requirements:

- the trust must consist solely of assets of the type that have been included in other investment pools;
- securities evidencing interests in those other investment pools must have been rated in one of the four highest categories of one of the exemption rating agencies for at least one year prior to the acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption; and
- securities in the other investment pools must have been purchased by investors other than ERISA plans for at least one year prior to any acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption.

An ERISA Plan fiduciary or other investor of ERISA plan assets contemplating purchasing a certificate must make its own determination that the general conditions described above will be satisfied with respect to that certificate.

If the general conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, in connection with the direct or indirect sale, exchange, transfer, holding or the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or with ERISA plan assets. However, no exemption is provided from the restrictions of Sections 406(a)(1)(E) and 406(a)(2) of ERISA for the acquisition or holding of a certificate by an excluded ERISA plan or with ERISA plan assets of an excluded ERISA plan by any person who has discretionary authority or renders investment advice with respect to ERISA plan assets of the excluded ERISA plan. For purposes of the certificates, an "excluded ERISA plan" is an ERISA plan sponsored by any member of the restricted group.

If specific conditions of the RFC exemption are also satisfied, the RFC exemption may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(b)(1) and (b)(2) of ERISA and Section 4975(c)(1)(E) of the Internal Revenue Code, in connection with the following:

- the direct or indirect sale, exchange or transfer of certificates in the initial issuance of certificates between the depositor or an underwriter and an ERISA plan when the person who has discretionary authority or renders investment advice with respect to the investment of the relevant ERISA plan assets in the certificates is:
  - a mortgagor with respect to 5% or less of the fair market value of the assets of a trust; or
  - an affiliate of that person;

  provided that, if the certificates are acquired in connection with their initial issuance, the quantitative restrictions described in the RFC exemption are met;
- the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or by a person investing ERISA plan assets; and
- the holding of certificates by an ERISA plan or with ERISA plan assets.

Additionally, if specific conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption from the application of the prohibited transaction provisions of Sections 406(a), 406(b) and 407(a) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools or contract pools. The accompanying prospectus supplement will specify whether the depositor expects that the specific conditions of the RFC exemption will be satisfied with respect to the certificates so that the RFC exemption would provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

The RFC exemption also may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, if those restrictions are deemed to otherwise apply merely because a person is deemed to be a party in interest with respect to an investing ERISA plan, or an ERISA plan holding interests in the investing entity holding ERISA plan assets, by virtue of providing services to the ERISA plan or by virtue of having specified relationships to such a person, solely as a result of the ERISA plan's ownership of certificates.

Before purchasing a certificate, a fiduciary or other investor of ERISA plan assets should itself confirm that the certificates constitute "securities" for purposes of the RFC exemption and that the specific and general conditions and the other requirements described in the RFC exemption would be satisfied. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption, the fiduciary or other ERISA plan asset investor should consider its general fiduciary obligations under ERISA in determining whether to purchase any certificates with ERISA plan assets.

Any fiduciary or other ERISA plan asset investor that proposes to purchase certificates on behalf of an ERISA plan or with ERISA plan assets are encouraged to consult with its counsel on the potential applicability of ERISA and the Internal Revenue Code to that investment and the availability of the RFC exemption or any DOL prohibited transaction class exemption, or PTCE, in connection therewith. In particular, in connection with a contemplated purchase of certificates representing a beneficial ownership interest in a pool of single-family residential first mortgage loans or Agency Securities, the fiduciary or other ERISA plan asset investor should consider the availability of PTCE 83-1 for various transactions involving mortgage pool investment trusts. However, PTCE 83-1 does not provide exemptive relief with respect to certificates evidencing interests in trusts which include contracts or Cooperative Loans, or some types of private securities, or which contain a swap. In addition, the fiduciary or other ERISA plan asset investor should consider the availability of other class exemptions granted by the DOL, which provide relief from certain of the prohibited transaction provisions of ERISA and the related excise tax provisions of Section 4975 of the Internal Revenue Code, including Sections I and III of PTCE 95-60, regarding transactions by insurance company general accounts. The accompanying prospectus supplement may contain additional information regarding the application of the RFC exemption, PTCE 83-1, PTCE 95-60 or other DOL class exemptions for the certificates offered thereby. There can be no

assurance that any of these exemptions will apply with respect to any particular ERISA plan's or other ERISA plan asset investor's investment in the certificates or, even if an exemption were deemed to apply, that any exemption would apply to all prohibited transactions that may occur in connection with this form of investment.

Insurance Company General Accounts

Insurance companies contemplating the investment of general account assets in the certificates are encouraged to consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA. The DOL issued final regulations under Section 401(c) which were published in the Federal Register on January 5, 2000 and became generally applicable on July 5, 2001.

Representations From Investing ERISA Plans

If the criteria specified in the RFC exemption as described above are not satisfied by one or more classes of certificates, or by a trust or the mortgage loans, contracts, mortgage securities and other assets held by the trust, then the accompanying prospectus supplement will specify whether or not transfers of those certificates to an ERISA plan, to a trustee or other person acting on behalf of any ERISA plan, or to any other person using ERISA plan assets to effect the acquisition, will be registered by the trustee if the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to the depositor, the trustee and the master servicer, which opinion will not be at the expense of the depositor, the trustee or the master servicer, that the purchase of the certificates by or on behalf of the ERISA plan or with ERISA plan assets:

- is permissible under applicable law;
- will not constitute or result in any non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and
- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing or trust agreement.

The accompanying prospectus supplement will specify whether or not each beneficial owner of a subordinate certificate offered by this prospectus and the accompanying prospectus supplement (or any interest therein) shall be deemed to have represented, by virtue of its acquisition or holding of such certificate (or interest therein), that either:

- it is not an ERISA plan, a trustee or other person acting on behalf of an ERISA plan, or any other person using ERISA plan assets to effect such acquisition or holding;
- it has acquired and is holding such subordinate certificate in reliance on the RFC exemption and it understands that there are certain conditions to the availability of the RFC exemption including that the subordinate certificates must be rated, at the time of acquisition, in one of the four highest generic rating categories by at least one of the exemption rating agencies; or
- (1) such acquirer or holder is an insurance company, (2) the source of funds used to acquire or hold such certificate (or interest therein) is an "insurance company general account" (as defined in PTCE 95-60), and (3) the conditions set forth in Sections I and III of PTCE 95-60 have been satisfied.

If any subordinate certificate (or any interest therein) is acquired or held in violation of the conditions described in the preceding paragraph, the next preceding permitted beneficial owner will be treated as the beneficial owner of the subordinate certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of any subordinate certificate (or interest therein) was effected in violation of the conditions described in the preceding paragraph shall indemnify and hold harmless the depositor, the trustee, the master servicer, any subservicer and the trust from and against any and all liabilities, claims, costs or expenses incurred by such parties as a result of such acquisition or holding.

Tax-Exempt Investors; REMIC Residual Certificates

An ERISA plan that is a Tax-Exempt Investor nonetheless will be subject to federal income taxation to the extent that its income is "unrelated business taxable income," or UBTI, within the meaning of Section 512 of the Internal Revenue Code. All "excess inclusions" of a REMIC allocated to a REMIC residual certificate held by a

Tax-Exempt Investor will be considered UBTI and thus will be subject to federal income tax. See "Material Federal Income Tax Consequences— Taxation of Owners of REMIC Residual Certificates—Excess Inclusions." In addition, the exemptive relief afforded by the RFC exemption does not apply to the purchase, sale or holding of any class of REMIC residual certificates.

Consultation With Counsel

There can be no assurance that the RFC exemption or any other DOL exemption will apply with respect to any particular ERISA plan that acquires the certificates or, even if all of the specified conditions were satisfied, that the exemption would apply to all transactions involving a trust. Prospective ERISA plan investors are encouraged to consult with their legal counsel concerning the impact of ERISA and the Internal Revenue Code and the potential consequences to their specific circumstances prior to making an investment in the certificates.

Before purchasing a certificate, a fiduciary of an ERISA plan should itself confirm that all of the specific and general conditions described in the RFC exemption or one of the other DOL exemptions would be satisfied. Before purchasing a certificate in reliance on the RFC exemption, an ERISA plan fiduciary should itself confirm that the certificate constitutes a "security" for purposes of the RFC exemption. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption or any other DOL exemption, an ERISA plan fiduciary should consider its general fiduciary obligations under ERISA in determining whether to purchase a security on behalf of an ERISA plan.

LEGAL INVESTMENT MATTERS

Each class of certificates offered hereby and by the accompanying prospectus supplement will be rated at the date of issuance in one of the four highest rating categories by at least one rating agency. If stated in the accompanying prospectus supplement, classes that are, and continue to be, rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization will constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended, or SMMEA, and, as such, will be legal investments for persons, trusts, corporations, partnerships, associations, business trusts and business entities (including depository institutions, life insurance companies and pension funds) created under or existing under the laws of the United States or of any State whose authorized investments are subject to state regulation to the same extent that, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof constitute legal investments for those entities. Under SMMEA, if a State enacted legislation on or prior to October 3, 1991 specifically limiting the legal investment authority of any of these entities with respect to "mortgage related securities," these securities will constitute legal investments for entities subject to the legislation only to the extent provided therein. Certain States enacted legislation which overrides the preemption provisions of SMMEA. SMMEA provides, however, that in no event will the enactment of any such legislation affect the validity of any contractual commitment to purchase, hold or invest in "mortgage related securities," or require the sale or other disposition of the securities, so long as the contractual commitment was made or the securities acquired prior to the enactment of the legislation.

SMMEA also amended the legal investment authority of federally-chartered depository institutions as follows: federal savings and loan associations and federal savings banks may invest in, sell or otherwise deal with "mortgage related securities" without limitation as to the percentage of their assets represented thereby, federal credit unions may invest in these securities, and national banks may purchase these securities for their own account without regard to the limitations generally applicable to investment securities described in 12 U.S.C. §24 (Seventh), subject in each case to any regulations that the applicable federal regulatory authority may prescribe.

The 1998 Policy Statement was adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998. The 1998 Policy Statement rescinded a 1992 policy statement that had required, prior to purchase, a depository institution to determine whether a mortgage derivative product that it was considering acquiring was high-risk, and, if so, required that the proposed acquisition would reduce the institution's overall interest rate risk. The 1998 Policy Statement eliminates constraints on investing in certain "high-risk" mortgage derivative products and substitutes broader guidelines for evaluating and monitoring investment risk.

The OTS has issued Thrift Bulletin 73a, entitled "Investing in Complex Securities" or TB 73a, which is effective as of December 18, 2001 and applies to savings associations regulated by the OTS, and Thrift Bulletin 13a, entitled "Management of Interest Rate Risk, Investment Securities, and Derivatives Activities", or TB 13a, which is effective as of December 1, 1998, and applies to thrift institutions regulated by the OTS.

One of the primary purposes of TB 73a is to require savings associations, prior to taking any investment position, to determine that the investment position meets applicable regulatory and policy requirements (including those set forth TB 13a (see below)) and internal guidelines, is suitable for the institution, and is safe and sound. The OTS recommends, with respect to purchases of specific securities, additional analysis, including, among others, analysis of repayment terms, legal structure, expected performance of the issuing entity and any underlying assets as well as analysis of the effects of payment priority, with respect to a security which is divided into separate tranches with unequal payments, and collateral investment parameters, with respect to a security that is prefunded or involves a revolving period. TB 73a reiterates the OTS's due diligence requirements for investing in all securities and warns that if a savings association makes an investment that does not meet the applicable regulatory requirements, the savings association's investment practices will be subject to criticism, and the OTS may require divestiture of such securities. The OTS also recommends, with respect to an investment in any "complex securities," that savings associations should take into account quality and suitability, marketability, interest rate risk, and classification factors. For the purposes of each of TB 73a and TB 13a, "complex security" includes among other things any collateralized mortgage obligation or real estate mortgage investment conduit security, other than any "plain vanilla" mortgage pass-through security (that is, securities that are part of a single class of securities in the related pool that are non-callable and do not have any special features). Accordingly, all classes of the offered certificates would likely be viewed as "complex securities." With respect to quality and suitability factors, TB 73a warns:

- that a savings association's sole reliance on outside ratings for material purchases of complex securities is an unsafe and unsound practice,
- that a savings association should only use ratings and analyses from nationally recognized rating agencies in conjunction with, and in validation of, its own underwriting processes, and
- that it should not use ratings as a substitute for its own thorough underwriting analyses.

With respect to the interest rate risk factor, TB 73a recommends that savings associations should follow the guidance set forth in TB 13a.

One of the primary purposes of TB 13a is to require thrift institutions, prior to taking any investment position, to:

- conduct a pre-purchase portfolio sensitivity analysis for any "significant transaction" involving securities or financial derivatives, and
- conduct a pre-purchase price sensitivity analysis of any "complex security" or financial derivative.

The OTS recommends that while a thrift institution should conduct its own in-house pre-acquisition analysis, it may rely on an analysis conducted by an independent third-party as long as management understands the analysis and its key assumptions. Further, TB 13a recommends that the use of "complex securities with high price sensitivity" be limited to transactions and strategies that lower a thrift institution's portfolio interest rate risk. TB 13a warns that investment in complex securities by thrift institutions that do not have adequate risk measurement, monitoring and control systems may be viewed by the OTS examiners as an unsafe and unsound practice.

Prospective investors in the certificates, including in particular the classes of certificates that do not constitute "mortgage related securities" for purposes of SMMEA, should consider the matters discussed in the following paragraph.

There may be other restrictions on the ability of some investors either to purchase some classes of certificates or to purchase any class of certificates representing more than a specified percentage of the investors' assets. The depositor will make no representations as to the proper characterization of any class of certificates

for legal investment or other purposes, or as to the ability of particular investors to purchase any class of certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of certificates. Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities are encouraged to consult with their own legal advisors in determining whether and to what extent the certificates of any class constitute legal investments or are subject to investment, capital or other restrictions, and, if applicable, whether SMMEA has been overridden in any jurisdiction relevant to the investor.

USE OF PROCEEDS

Substantially all of the net proceeds to be received by the depositor from the sale of certificates will be applied by the depositor to finance the purchase of, or to repay short-term loans incurred to finance the purchase of, the mortgage collateral underlying the certificates or will be used by the depositor for general corporate purposes. The depositor expects that it will make additional sales of securities similar to the certificates from time to time, but the timing and amount of any additional offerings will be dependent upon a number of factors, including the volume of mortgage loans, contracts or mortgage securities purchased by the depositor, prevailing interest rates, availability of funds and general market conditions.

METHODS OF DISTRIBUTION

The certificates offered hereby and by the accompanying prospectus supplements will be offered in series through one or more of the methods described below. The prospectus supplement prepared for each series will describe the method of offering being utilized for that series and will state the net proceeds to the depositor from that sale.

The depositor intends that certificates will be offered through the following methods from time to time and that offerings may be made concurrently through more than one of these methods or that an offering of a particular series of certificates may be made through a combination of two or more of the following methods:

- by negotiated firm commitment or best efforts underwriting and public re-offering by underwriters;
- by placements by the depositor with institutional investors through dealers; and
- by direct placements by the depositor with institutional investors.

In addition, if specified in the accompanying prospectus supplement, a series of certificates may be offered in whole or in part in exchange for the mortgage collateral, and other assets, if applicable, that would comprise the trust securing the certificates.

If underwriters are used in a sale of any certificates, other than in connection with an underwriting on a best efforts basis, the certificates will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices to be determined at the time of sale or at the time of commitment therefor. These underwriters may be broker-dealers affiliated with the depositor whose identities and relationships to the depositor will be as described in the accompanying prospectus supplement. The managing underwriter or underwriters with respect to the offer and sale of a particular series of certificates will be listed on the cover of the prospectus supplement relating to that series and the members of the underwriting syndicate, if any, will be named in the accompanying prospectus supplement.

In connection with the sale of the certificates, underwriters may receive compensation from the depositor or from purchasers of the certificates in the form of discounts, concessions or commissions. Underwriters and dealers participating in the distribution of the certificates are underwriters, as defined under the Securities Act of 1933, as amended, in connection with the certificates, and any discounts or commissions received by them from the depositor and any profit on the resale of certificates by them would be underwriting discounts and commissions under the Securities Act of 1933, as amended.

It is anticipated that the underwriting agreement pertaining to the sale of any series of certificates will provide that the obligations of the underwriters will be subject to certain conditions precedent, that the underwriters will be obligated to purchase all of the certificates if any are purchased (other than in connection with an underwriting on a best efforts basis) and that, in limited circumstances, the depositor will indemnify the several underwriters and the underwriters will indemnify the depositor against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended, or will contribute to payments required to be made in respect thereof.

The prospectus supplement with respect to any series offered by placements through dealers will contain information regarding the nature of the offering and any agreements to be entered into between the depositor and purchasers of certificates of that series.

The depositor anticipates that the certificates offered hereby will be sold primarily to institutional investors or sophisticated non-institutional investors. Purchasers of certificates, including dealers, may, depending on the facts and circumstances of the purchases, be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, in connection with reoffers and sales by them of certificates. Holders of certificates are encouraged to consult with their legal advisors in this regard prior to any reoffer or sale.

Securities offered hereby and by an accompanying prospectus supplement may be distributed in connection with resecuritization transactions. In a resecuritization transaction, securities offered hereby will be transferred to a trust (or other type of issuing entity) and securities backed by those securities will in turn be offered to investors. There is no assurance that any particular class of security offered hereby will be suitable for inclusion in a resecuritization transaction.

LEGAL MATTERS

Certain legal matters, including certain federal income tax matters, will be passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York, or Mayer, Brown, Rowe & Maw LLP, New York, New York, as specified in the prospectus supplement.

ADDITIONAL INFORMATION

The depositor has filed the registration statement, file number 333-131213, with the Securities and Exchange Commission, or Commission. The depositor and each issuing entity are also subject to some of the information requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, and, accordingly, each issuing entity will file reports thereunder with the Commission. The registration statement and the exhibits thereto, and reports and other information filed by the depositor and each issuing entity pursuant to the Exchange Act can be read and copied at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at http://www.sec.gov. For purposes of any electronic version of this prospectus, the preceding uniform resource locator, or URL, is an inactive textual reference only. We have taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus was created.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Commission allows the depositor to "incorporate by reference" the information filed with the Commission by the depositor, under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, that relates to any trust fund for the certificates. This means that the depositor can disclose important information to any investor by referring the investor to these documents. The information incorporated by reference is an important part of this prospectus, and information filed by the depositor with the Commission that relates to the trust fund for the certificates will automatically update and supersede this information. Documents that may be incorporated by reference with respect to a particular series of certificates include an insurer's financials, a certificate policy, mortgage pool policy, computational materials, collateral term sheets, the related pooling and servicing agreement and amendments thereto, other documents on Form 8-K and Section 13(a), 13(c), 14 or 15(d) of Exchange Act as may be required in connection with the related trust fund.

The depositor will provide or cause to be provided without charge to each person to whom this prospectus and accompanying prospectus supplement is delivered in connection with the offering of one or more classes of the related series of certificates, upon written or oral request of that person, a copy of any or all reports incorporated in this prospectus by reference, in each case to the extent the reports relate to one or more of the classes of the related series of certificates, other than the exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents. Requests should be directed in writing to Residential Accredit Loans, Inc., 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437, or by telephone at (952) 857-7000.

The depositor may provide static pool information, in response to Item 1105 of Regulation AB, through an Internet Web site, and if the depositor decides to provide information through such means, the accompanying prospectus supplement accompanying this prospectus will disclose the specific Internet address where such information is posted.

GLOSSARY

1998 Policy Statement—The revised supervisory statement listing the guidelines for investments in "high risk mortgage securities," and adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998.

Additional Collateral—With respect to an Additional Collateral Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets.

Additional Collateral Loans—A mortgage loan with an LTV ratio at origination in excess of 80%, but not greater than 100% and is secured by Additional Collateral, in addition to the related mortgaged property and in lieu of any primary mortgage insurance by Additional Collateral.

Additional Collateral Requirement—The amount of Additional Collateral required for any Additional Collateral Loan, which in most cases will not exceed 30% of the principal amount of such mortgage loan.

Advance—As to any mortgage loan and any distribution date, an amount equal to the scheduled payments of principal (other than any Balloon Amount in the case of a Balloon Loan) and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Agency Securities—Any securities issued by Freddie Mac, Fannie Mae or Ginnie Mae. Such Agency Securities may represent whole or partial interests in pools of (1) mortgage loans or contracts or (2) Agency Securities. The accompanying prospectus supplement will specify whether the Ginnie Mae securities will be backed by the full faith and credit of the United States. None of the Freddie Mac securities or Fannie Mae securities will be backed, directly or indirectly, by the full faith and credit of the United States. Agency Securities may be backed by fixed or adjustable-rate mortgage loans or other types of mortgage loans or contracts specified in the accompanying prospectus supplement.

Balloon Amount—The full outstanding principal balance on a Balloon Loan due and payable on the maturity date.

Balloon Loans—Mortgage loans or contracts with level monthly payments of principal and interest based on a 30 year amortization schedule, or such other amortization schedule as specified in the accompanying prospectus supplement, and having original or modified terms to maturity shorter than the term of the related amortization schedule.

Bankruptcy Amount—The amount of Bankruptcy Losses that may be borne solely by the subordinate certificates of the related series.

Bankruptcy Losses—A Realized Loss attributable to certain actions which may be taken by a bankruptcy court in connection with a mortgage loan or contract, including a reduction by a bankruptcy court of the principal balance of or the mortgage rate on a mortgage loan or an extension of its maturity.

Buy-Down Account—As to a Buy-Down Mortgage Loan, the custodial account where Buy-Down Funds are deposited.

Buy-Down Funds—As to a Buy-Down Mortgage Loan, the amount contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account.

Buy-Down Mortgage Loan—A mortgage loan subject to a temporary buy-down plan.

Buy-Down Period—The early years of the term of or Buy-Down Mortgage Loan when payments will be less than the scheduled monthly payments on the Mortgage Loan, the resulting difference to be made up from the Buy-Down Funds.

Call Certificate—Any certificate evidencing an interest in a Call Class.

Call Class—A class of certificates under which the holder will have the right, at its sole discretion, to terminate the related trust, resulting in early retirement of the certificates of the series.

Call Price—In the case of a call with respect to a Call Class, a price equal to 100% of the principal balance of the related certificates as of the day of that purchase plus accrued interest at the applicable pass-through rate.

Certificate Account—An account established and maintained by the master servicer in the name of the trustee for the benefit of the holders of each series of certificates, for the disbursement of payments on the mortgage loans evidenced by each series of certificates.

Certificate Administrator—In addition to or in lieu of the master servicer for a series of certificates, the accompanying prospectus supplement may identify a Certificate Administrator for the trust, which will have administrative responsibilities with respect to such trust. The Certificate Administrator may be an affiliate of the depositor or the master servicer.

Compensating Interest—As to any distribution date, for any mortgage loan or contract that prepaid in full during the portion of the related Prepayment Period that occurs during the prior calendar month or that prepaid in part during the prior calendar month, an additional payment made by the master servicer, to the extent funds are available from the servicing fee or some investment earnings, equal to the amount of Prepayment Interest Shortfalls due to those prepayments.

Convertible Mortgage Loan—ARM loans which allow the mortgagors to convert the adjustable-rates on those mortgage loans to a fixed-rate at one or more specified periods during the life of the mortgage loans, in most cases not later than ten years subsequent to the date of origination.

Cooperative—For a Cooperative Loan, the corporation that owns the related apartment building.

Cooperative Loans—Cooperative apartment loans evidenced by Cooperative Notes secured by security interests in shares issued by Cooperatives and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the related buildings.

Cooperative Notes—A promissory note for a Cooperative Loan.

Credit Scores—A measurement of the relative degree of risk a borrower represents to a lender obtained from credit reports utilizing, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience.

Custodial Account—The custodial account or accounts created and maintained under the pooling and servicing agreement in the name of a depository institution, as custodian for the holders of the certificates, for the holders of certain other interests in mortgage loans serviced or sold by the master servicer and for the master servicer, into which the amounts shall be deposited directly. Any such account or accounts shall be an Eligible Account.

Debt Service Reduction—Modifications of the terms of a mortgage loan resulting from a bankruptcy proceeding, including a reduction in the amount of the monthly payment on the related mortgage loan, but not any permanent forgiveness of principal.

Defaulted Mortgage Losses—A Realized Loss attributable to the mortgagor's failure to make any payment of principal or interest as required under the mortgage note or contract, but not including Special Hazard Losses, Extraordinary Losses or other losses resulting from damage to a mortgaged property, Bankruptcy Losses or Fraud Losses.

Deficient Valuation—In connection with the personal bankruptcy of a mortgagor, the difference between the outstanding principal balance of the mortgage loan or contract and a lower value established by the bankruptcy court or any reduction in the amount of principal to be paid that results in a permanent forgiveness of principal.

Designated Seller Transaction—A transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller described in the prospectus supplement.

Direct Puerto Rico Mortgage—For any Puerto Rico Mortgage Loan, a Mortgage to secure a specific obligation for the benefit of a specified person.

Disqualified Organization—For these purposes means:

- the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of the foregoing (but would not include instrumentalities described in Section 168(h)(2)(D) of the Internal Revenue Code or Freddie Mac),

- any organization (other than a cooperative described in Section 521 of the Internal Revenue Code) that is exempt from federal income tax, unless it is subject to the tax imposed by Section 511 of the Internal Revenue Code,
- any organization described in Section 1381(a)(2)(C) of the Internal Revenue Code,
- an "electing large partnership" (as described in Section 775 of the Internal Revenue Code), or
- any other person so designated by the trustee based upon an opinion of counsel that the holding of an ownership interest in a REMIC certificate by that person may cause the related trust or any person having an ownership interest in the REMIC certificate, other than such person, to incur a liability for any federal tax imposed under the Internal Revenue Code that would not otherwise be imposed but for the transfer of an ownership interest in a REMIC certificate to that person.

Distribution Amount—As to a class of certificates for any distribution date will be the portion, if any, of the amount to be distributed to that class for that distribution date of principal, plus, if the class is entitled to payments of interest on that distribution date, interest accrued during the related interest accrual period at the applicable pass-through rate on the principal balance or notional amount of that class specified in the accompanying prospectus supplement, less certain interest shortfalls, which will include:

- any deferred interest added to the principal balance of the mortgage loans and/or the outstanding balance of one or more classes of certificates on the related due date;
- any other interest shortfalls, including, without limitation, shortfalls resulting from application of the Relief Act or similar legislation or regulations as in effect from time to time, allocable to certificateholders which are not covered by advances or the applicable credit enhancement; and
- Prepayment Interest Shortfalls not covered by Compensating Interest, in each case in an amount that is allocated to that class on the basis set forth in the prospectus supplement.

Due Period—As to any distribution date, the period starting on the second day of the month prior to such distribution date, and ending on the first day of the month of such distribution date, or such other period as specified in the accompanying prospectus supplement.

Eligible Account—An account acceptable to the applicable rating agency.

Endorsable Puerto Rico Mortgage—As to any Puerto Rico Mortgage Loan, a mortgage to secure an instrument transferable by endorsement.

Environmental Lien—A lien imposed by federal or state statute, for any cleanup costs incurred by a state on the property that is the subject of the cleanup costs.

Expanded Criteria Program—Residential Funding Corporation's mortgage loan origination program for mortgage loans with loan characteristics that are not permitted under some of Residential Funding Corporation's other mortgage loan purchase programs.

Expanded Criteria Program Seller—A mortgage collateral seller that participates in the Expanded Criteria Program.

Extraordinary Loss—A Realized Loss resulting from damage to a mortgaged property that was occasioned by war, civil insurrection, certain governmental actions, nuclear reaction, and certain other risks.

Fraud Loss Amount—The amount of Fraud Losses that may be borne solely by the subordinate certificates of the related series.

Fraud Losses—A Realized Loss incurred on defaulted mortgage loans or contracts as to which there was fraud in the origination of the mortgage loans.

Funding Account—An account established for the purpose of funding the transfer of additional mortgage loans into the related trust.

GPM Loan— A mortgage loan under which the monthly payments by the mortgagor during the early years of the mortgage are less than the amount of interest that would otherwise be payable thereon, with the interest not so paid added to the outstanding principal balance of such mortgage loan.

Gross Margin—For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

Insurance Proceeds—Proceeds of any special hazard insurance policy, bankruptcy bond, mortgage pool insurance policy, primary insurance policy and any title, hazard or other insurance policy or guaranty covering any mortgage loan in the mortgage pool together with any payments under any letter of credit.

Interest Only Loans—Mortgage loans with payments of interest only during the early years of the term, followed by fixed monthly payments of principal and interest or periodically increasing monthly payments of principal and interest for the duration of the term or for a specified number of years, as described in the related prospectus supplement.

Issue Premium—As to a class of REMIC Regular Certificates, the issue price in excess of the stated redemption price of that class.

Liquidated Contract—A defaulted contract for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidated Mortgage Loan—A defaulted mortgage loan for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidation Proceeds—Amounts collected by the subservicer in connection with the liquidation of a mortgage loan, by foreclosure or otherwise.

Mark-to-Market Regulations—The final regulations of the IRS, released on December 24, 1996, relating to the requirement that a securities dealer mark to market securities held for sale to customers.

Net Mortgage Rate—As to a mortgage loan, the mortgage rate net of servicing fees, other administrative fees and any Spread.

Nonrecoverable Advance—Any Advance or Servicing Advance previously made which the Master Servicer has determined to not be ultimately recoverable from Liquidation Proceeds, Insurance Proceeds or otherwise.

Note Margin—For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

OID—Original issue discount, as determined in accordance with the Internal Revenue Code.

Pass-Through Entity—Any regulated investment company, real estate investment trust, trust, partnership or other entities described in Section 860E(e)(6) of the Internal Revenue Code. In addition, a person holding an interest in a pass-through entity as a nominee for another person will, with respect to that interest, be treated as a pass-through entity.

Permitted Investments—United States government securities and other investment grade obligations specified in the related pooling and servicing agreement.

Pledged Asset Mortgage Loans—Mortgage loans that have LTV ratios at origination of up to 100% and are secured, in addition to the related mortgaged property, by Pledged Assets.

Pledged Assets—As to a Pledged Asset Mortgage Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets or residential property owned by the guarantor.

Prepayment Interest Shortfall—With respect to a mortgage loan that is subject to a mortgagor prepayment and any distribution date, an amount equal to the aggregate shortfall, if any, in collections of interest, adjusted to the related Net Mortgage Rate, resulting from partial mortgagor prepayments on the related mortgage loan during the preceding calendar month or from mortgagor prepayments in full on the related mortgage loan during the related Prepayment Period but prior to the calendar month of the distribution date.

Prepayment Period—With respect to each distribution date and Principal Prepayments in full, the period commencing on the 16th day of the month prior to that distribution date and ending on the 15th day of the month of that distribution date, or another period specified in the accompanying prospectus supplement.

Principal Prepayments—Any principal payments received with respect to a mortgage loan, in advance of the scheduled due date and not accompanied by a payment of interest for any period following the date of payment.

Qualified Insurer—As to a mortgage pool insurance policy, special hazard insurance policy, bankruptcy policy, certificate insurance policy or surety bond, an insurer qualified under applicable law to transact the insurance business or coverage as applicable.

Realized Loss—As to any defaulted mortgage loan that is finally liquidated, the amount of loss realized, if any, will equal the portion of the Stated Principal Balance plus accrued and unpaid interest remaining after application of all amounts recovered, net of amounts reimbursable to the master servicer for related Advances, Servicing Advances and other expenses, towards interest and principal owing on the mortgage loan. For a mortgage loan the principal balance of which has been reduced in connection with bankruptcy proceedings, the amount of the reduction will be treated as a Realized Loss. As to any mortgage loan that has been the subject of a Debt Service Reduction, the amount of the reduction will be treated as a Realized Loss as incurred. For a mortgage loan that has been modified, following a default or if a default was reasonably foreseeable, the amount of principal that has been forgiven, the amount by which a monthly payment has been reduced due to a reduction of the interest rate, and any Servicing Advances that are forgiven and reimbursable to the master servicer or servicer.

REMIC—A real estate mortgage investment conduit as described in section 860D of the Internal Revenue Code.

REMIC Provisions—Sections 860A through 860G of the Internal Revenue Code.

REO Contract—A contract where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

REO Mortgage Loan—A mortgage loan where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

Servicing Advances—Amounts advanced on any mortgage loan to cover taxes, insurance premiums, foreclosure costs or similar expenses, including amounts representing the cost of some related services, if the master servicer and any affiliate of the master servicer provides services such as appraisals and brokerage services that are customarily provided by persons other than servicers of mortgage loans.

Special Hazard Amount—The amount of Special Hazard Losses that may be allocated to the subordinate certificates of the related series.

Special Hazard Losses—A Realized Loss incurred, to the extent that the loss was attributable to (i) direct physical damage to a mortgaged property other than any loss of a type covered by a hazard insurance policy or a flood insurance policy, if applicable, and (ii) any shortfall in insurance proceeds for partial damage due to the application of the co-insurance clauses contained in hazard insurance policies. The amount of the Special Hazard Loss is limited to the lesser of the cost of repair or replacement of the mortgaged property; any loss above that amount would be a Defaulted Mortgage Loss or other applicable type of loss. Special Hazard Losses does not include losses occasioned by war, civil insurrection, certain governmental actions, errors in design, faulty workmanship or materials (except under certain circumstances), nuclear reaction, chemical contamination or waste by the mortgagor.

Special Servicer—A special servicer named under the pooling and servicing agreement for a series of certificates, which will be responsible for the servicing of delinquent loans.

Spread—A portion of interest due with respect to the mortgage loans or mortgage securities transferred as part of the assets of the related trust.

Stated Principal Balance—As to any mortgage loan as of any date of determination, its principal balance as of the cut-off date, after application of all scheduled principal payments due on or before the cut-off date, whether received or not, reduced by all amounts allocable to principal that are distributed to certificateholders

before the date of determination, further reduced to the extent that any Realized Loss has been allocated to any certificates before that date, and increased by the amount of any interest or other amounts owing on the mortgage loan that have been capitalized in connection with a modification.

Subordinate Amount—A specified portion of subordinated distributions with respect to the mortgage loans, allocated to the holders of the subordinate certificates as set forth in the accompanying prospectus supplement.

Subsequent Recoveries—Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Subservicing Account—An account established and maintained by a subservicer which meets the requirements described in the Seller Guide and is otherwise acceptable to the master servicer.

Tax-Exempt Investor—Tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and on individual retirement accounts described in Section 408 of the Internal Revenue Code.

Tiered REMICs—Two or more REMICs created pursuant to Treasury Regulation Section 1.860F-2(a)(2).

Residential Accredit Loans, Inc.

$644,812,000

Mortgage Asset-Backed Pass-Through Certificates

Series 2006-QO3

Prospectus Supplement

Goldman, Sachs & Co.
Underwriter

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information.

We are not offering the certificates offered hereby in any state where the offer is not permitted.

Dealers will be required to deliver a prospectus supplement and prospectus when acting as underwriters of the certificates offered hereby and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the offered certificates, whether or not participating in this offering, may be required to deliver a prospectus supplement and prospectus for ninety days following the date of this prospectus supplement. Such delivery obligation generally may be satisfied through the filing of the prospectus supplement and prospectus with the Securities and Exchange Commission.

Exhibit 3

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Prospectus Supplement, dated Mar. 28, 2006 (to prospectus dated Mar. 3, 2006)

Prospectus supplement dated March 28, 2006 (to prospectus dated March 3, 2006)

$644,812,000

RALI Series 2006-QO3 Trust

Issuing Entity

Residential Accredit Loans, Inc.

Depositor

Residential Funding Corporation

Master Servicer and Sponsor

Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3

The trust will hold a pool of one- to four-family residential, payment-option, adjustable-rate first lien mortgage loans with a negative amortization feature.

Offered Certificates
The trust will issue these classes of certificates that are offered under this prospectus supplement:

- 3 classes of senior certificates designated Class A-1, Class A-2 and Class A-3 Certificates; and
- 8 classes of subordinated certificates designated Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates

all as more fully described in the table on page S-6 of this prospectus supplement.

Credit Enhancement
Credit enhancement for the offered certificates consists of:

- excess cash flow;
- overcollateralization; and
- subordination provided to the Class A Certificates by the Class M Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority.

Distributions on the certificates will be on the 25th of each month or, if the 25th is not a business day, on the next business day, beginning April 25, 2006.

You should consider carefully the risk factors beginning on page S-16 in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the offered certificates or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Corporation, as the sponsor, or any of their affiliates.

Goldman, Sachs & Co., as underwriter, will purchase all of the offered certificates from the depositor. The certificates are offered by the issuing entity through the underwriters to prospective purchasers from time to time in negotiated transactions at varying prices to be determined at the time of sale. The net proceeds to the depositor from the sale of the underwritten certificates will be approximately 99.94% of the certificate principal balance of the underwritten certificates, plus accrued interest, before deducting expenses.

Goldman, Sachs & Co.
Underwriter

Important notice about information presented in this prospectus supplement and the prospectus

We provide information to you about the offered certificates in two separate documents that provide progressively more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your series of certificates; and

- this prospectus supplement, which describes the specific terms of your series of certificates.

The depositor's principal offices are located at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437 and its telephone number is (952) 857-7000.

Table of Contents

	Page
SUMMARY	S-4
RISK FACTORS	S-16
Negative Amortization Loans and Deferred Interest	S-16
Risk of Loss	S-17
Risks Relating to Primary Mortgage Insurers	S-21
Limited Obligations	S-22
Liquidity Risks	S-22
Bankruptcy Risks	S-22
Special Yield and Prepayment Considerations	S-23
ISSUING ENTITY	S-28
SPONSOR AND MASTER SERVICER	S-28
Sponsor Securitization Experience	S-29
Master Servicer Servicing Experience	S-31
AFFILIATIONS AMONG TRANSACTION PARTIES	S-34
DESCRIPTION OF THE MORTGAGE POOL	S-35
General	S-35
Mortgage Pool Characteristics	S-36
Compliance with Local, State and Federal Laws	S-37
Mortgage Rate Adjustment	S-37
Characteristics of the Mortgage Loans	S-40
Static Pool Information	S-42
Standard Hazard Insurance and Primary Mortgage Insurance	S-43
The Program	S-43
Underwriting Standards	S-46
Originators	S-46
Additional Information	S-46
DESCRIPTION OF THE CERTIFICATES	S-48
General	S-48
Glossary of Terms	S-49
Interest Distributions	S-62
Basis Risk Shortfall Reserve Fund	S-63
Allocation of Net Deferred Interest	S-63
Determination of One-Month LIBOR	S-63
Principal Distributions	S-64
Excess Cash Flow and Overcollateralization	S-66
Allocation of Losses	S-67
Advances	S-69
Residual Interests	S-70
CERTAIN YIELD AND PREPAYMENT CONSIDERATIONS	S-70
General	S-70
Prepayment Considerations	S-71
Allocation of Principal Payments	S-73
Realized Losses and Interest Shortfalls	S-74
Pass-Through Rates	S-75
Purchase Price	S-76
Assumed Final Distribution Date	S-76
Weighted Average Life	S-77
POOLING AND SERVICING AGREEMENT	S-87
General	S-87
Custodial Arrangements	S-87
The Master Servicer and Subservicer	S-87
Servicing and Other Compensation and Payment of Expenses	S-92
Reports to Certificateholders	S-92
Voting Rights	S-92
Termination	S-93
The Trustee	S-94
LEGAL PROCEEDINGS	S-94
MATERIAL FEDERAL INCOME TAX CONSEQUENCES	S-96
Tax Return Disclosure and Investor List Requirements	S-100
Penalty Protection	S-100
METHOD OF DISTRIBUTION	S-96
USE OF PROCEEDS	S-101
LEGAL OPINIONS	S-102
RATINGS	S-102
LEGAL INVESTMENT	S-103
ERISA CONSIDERATIONS	S-103
ANNEX I — MORTGAGE LOAN STATISTICAL INFORMATION	I-1

Summary

The following summary provides a brief description of material aspects of this offering, and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the offered certificates, you should read carefully this entire document and the prospectus.

Issuing Entity	RALI Series 2006-QO3 Trust.
Title of securities.....	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3.
Depositor.....	Residential Accredit Loans, Inc., an affiliate of Residential Funding Corporation.
Master servicer and sponsor.....	Residential Funding Corporation.
Subservicer.....	Homecomings Financial Network, Inc., a wholly-owned subsidiary of Residential Funding Corporation, will subservice all of the mortgage loans.
Trustee.....	Deutsche Bank Trust Company Americas.
Mortgage pool.....	1,897 payment-option, adjustable-rate mortgage loans with a negative amortization feature. The mortgage loans have an aggregate principal balance of approximately $650,012,926 as of the cut-off date, and are secured by first liens on one- to four- family residential properties.
Originators	Approximately 47.6% by principal amount of the mortgage loans were originated by Homecomings Financial Network, Inc., a wholly-owned subsidiary of Residential Funding Corporation.
Cut-off date	March 1, 2006.
Closing date	On or about March 30, 2006.
Distribution dates.....	The 25th of each month or, if the 25th is not a business day, on the next business day beginning in April 2006.
Scheduled final distribution date ...	The distribution date in March 2046. The actual final distribution date could be substantially earlier. See *"Certain Yield and Prepayment Considerations"* in this prospectus supplement.

Form of certificates.....	Book-entry: Class A Certificates and Class M Certificates. *See "Description of the Certificates—Book-Entry Registration of Certain of the Offered Certificates" in this prospectus supplement.*
Minimum denominations.....	Class A, Class M-1, Class M-2 and Class M-3 Certificates: $100,000. Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates: $250,000.
Legal investment.....	When issued, the Class A, Class M-1, Class M-2 and Class M-3 Certificates will, and the Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates will not, be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984. *See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus.*
ERISA considerations.....	Subject to the considerations described in this prospectus supplement, the Class A Certificates and Class M Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts. *See "ERISA Considerations" in this prospectus supplement and in the prospectus.*

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	$359,391,000	AAA/Aaa	Senior/Adjustable Rate
A-2	Adjustable Rate	$149,747,000	AAA/Aaa	Senior/Adjustable Rate
A-3	Adjustable Rate	$89,848,000	AAA/Aaa	Senior/Adjustable Rate
Total Class A Certificates:		$598,986,000		
Class M Certificates:				
M-1	Adjustable Rate	$16,576,000	AA+/Aa1	Mezzanine/Adjustable Rate
M-2	Adjustable Rate	$8,450,000	AA/Aa2	Mezzanine/Adjustable Rate
M-3	Adjustable Rate	$3,250,000	AA-/Aa3	Mezzanine/Adjustable Rate
M-4	Adjustable Rate	$3,250,000	A+/A1	Mezzanine/Adjustable Rate
M-5	Adjustable Rate	$3,250,000	A+/A2	Mezzanine/Adjustable Rate
M-6	Adjustable Rate	$3,250,000	A/A3	Mezzanine/Adjustable Rate
M-7	Adjustable Rate	$4,550,000	BBB+/Baa2	Mezzanine/Adjustable Rate
M-8	Adjustable Rate	$3,250,000	BBB+/Baa3	Mezzanine/Adjustable Rate
Total Class M Certificates:		$45,826,000		
Total Offered Certificates:		$644,812,000		

Non-Offered Certificates[2]

SB	N/A	$5,200,926	N/A	Subordinate
R-I	N/A	N/A	N/A	Residual
R-II	N/A	N/A	N/A	Residual
Total non-offered certificates:		$5,200,926		
Total offered and non-offered certificates:		$650,012,926		

(1) See "Ratings" in this prospectus supplement.

(2) The information presented for non-offered certificates is provided solely to assist your understanding of the offered certificates.

Other Information:

The aggregate initial certificate principal balance of the offered and non-offered certificates shown above may not equal the sum of the certificate principal balances of those certificates as listed above due to rounding. Only the offered certificates are offered for sale pursuant to the prospectus supplement and the related prospectus. The Class SB Certificates and the Class R Certificates (except for a de minimis portion of each class of Class R Certificates, which will be retained by Residential Funding) will be sold by the depositor in a transaction exempt from registration under the Securities Act of 1933.

Class A Certificates:

The pass-through rate on the Class A Certificates will be a per annum rate equal to the lesser of (i) One-Month LIBOR plus the related margin and (ii) the weighted average of the net mortgage rates on the mortgage loans, adjusted to a rate based on the actual number of days in a month and a 360-day year.

Class M Certificates:

The pass-through rate on the Class M Certificates will be a per annum rate equal to the lesser of (i) One-Month LIBOR plus the related margin and (ii) the weighted average of the net mortgage rates on the mortgage loans, adjusted to a rate based on the actual number of days in a month and a 360-day year.

Related Margins:

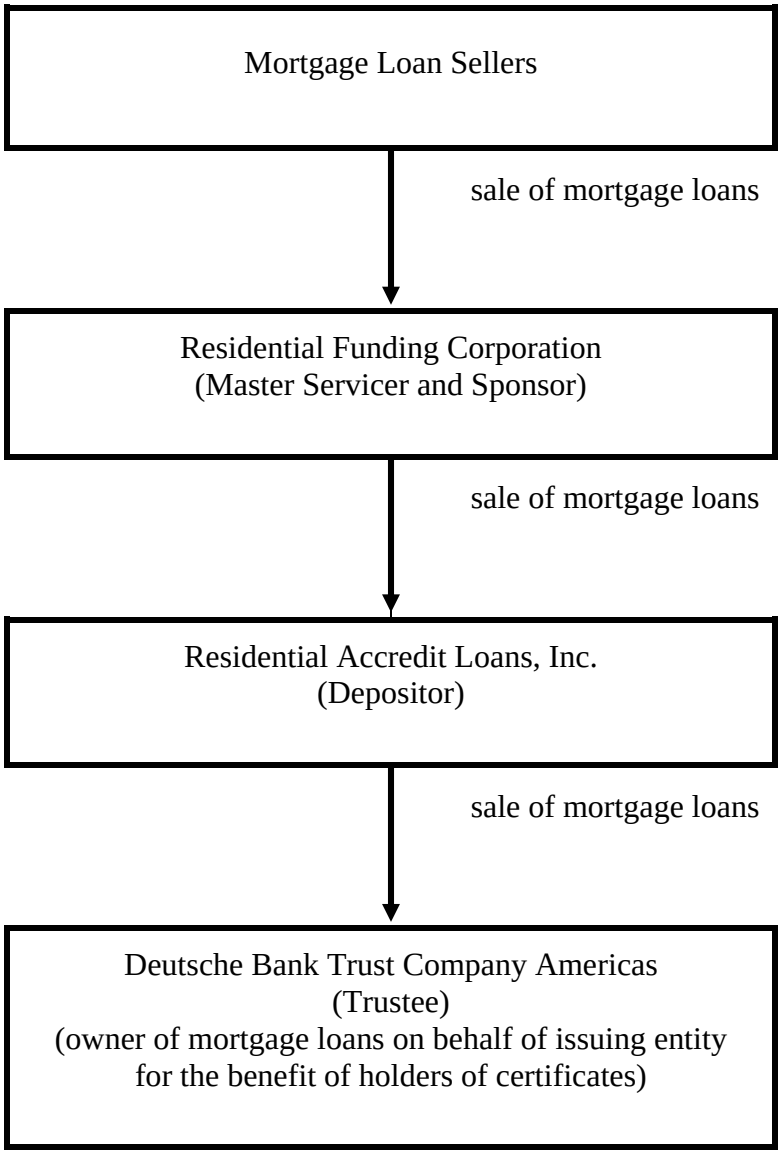
Class	(1)	(2)
A-1	0.210%	0.420%
A-2	0.260%	0.520%
A-3	0.330%	0.660%
M-1	0.420%	0.630%
M-2	0.430%	0.645%
M-3	0.470%	0.705%
M-4	0.720%	1.080%
M-5	0.780%	1.170%
M-6	0.930%	1.395%
M-7	1.500%	2.250%
M-8	1.500%	2.250%

(1) Initially.

(2) On and after the second distribution date after the first possible optional termination date.

TRANSFER OF MORTGAGE LOANS

The diagram below illustrates the sequence of transfers of the mortgage loans that are included in the mortgage pool. Various mortgage loan sellers will, on or prior to the closing date, sell the mortgage loans to Residential Funding Corporation, as sponsor. Residential Funding Corporation will, simultaneously with the closing of the transaction described herein, sell the mortgage loans to Residential Accredit Loans, Inc., as the depositor. The depositor will then transfer the mortgage loans to the trustee, on behalf of the trust that is the issuing entity. The trustee will accordingly own the mortgage loans for the benefit of the holders of the certificates. See "Pooling and Servicing Agreement – The Trustee" in this prospectus supplement and in the prospectus. For a description of the affiliations among various transaction parties, see "Affiliations Among Transaction Parties" in this prospectus supplement.



The Trust

The depositor will establish a trust with respect to the Series 2006-QO3 Certificates under a series supplement, dated as of March 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. On the closing date, the depositor will deposit the pool of mortgage loans described in this prospectus supplement into the trust. Each certificate will represent a partial ownership interest in the trust.

The Mortgage Pool

The trust will contain approximately 1,897 payment-option, adjustable-rate mortgage loans, with a negative amortization feature, with an aggregate principal balance of approximately $650,012,926 as of the cut-off date. The mortgage loans are secured by first liens on one- to four- family residential properties.

The mortgage loans have the following characteristics as of the cut-off date, after deducting payments due during the month of the cut-off date

	Range	Weighted Average
Principal balance	$38,000 to $2,738,958	$342,653*
Mortgage rate	0.990% to 8.250%	4.3262%
Remaining stated term to maturity (months)	353 to 480	374

*Indicates average principal balance

The following tables describe certain characteristics of the mortgage loans included in the trust as of the cut-off date:

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percent of Principal Balance
Purchase	341	$118,258,248	18.19%
Rate/Term Refinance	426	143,845.417	22.13
Equity Refinance	1,130	387,909,261	59.68
Total	1,897	$ 650,012,926	100.00%

Loan Documentation	Number of Mortgage Loans	Principal Balance	Percent of Principal Balance
Full/Alternate Documentation	242	$70,532,640	10.85%
Reduced Documentation	1,619	569,992,908	87.69
No Stated Income	14	3,735,934	0.57
No Income/No Asset Verification	22	5,751,445	0.88
Total	1,897	$650,012,926	100.00%

The properties securing the mortgage loans include single-family detached properties, properties in planned unit developments, two-to-four family units, condominiums, townhouses, condotels and leaseholds.

Generally, the mortgage loans were originated using less stringent underwriting standards than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc.

The securities described on the table on page S-6 are the only securities backed by this mortgage pool that will be issued.

For additional information regarding the mortgage pool see "Description of the Mortgage Pool" in this prospectus supplement.

Servicing

Residential Funding Corporation will master service the mortgage loans, as more fully described under "*Pooling and Servicing Agreement*" herein.

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan prior to payments to certificateholders. The servicing fees relating to each mortgage loan will be 0.425% per annum of the outstanding principal balance of that mortgage loan. The servicing fees consist of (a) servicing fees payable to the master servicer, which are payable with respect to each mortgage loan at a rate of 0.05% per annum, and (b) subservicing fees payable to the subservicer, which are payable with respect to each mortgage loan at a rate of 0.375% per annum, and other related compensation payable to the subservicer, including such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

Repurchases or Substitutions of Mortgage Loans

If Residential Funding Corporation cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to a mortgage loan within 90 days after notice from the trustee or servicer, and the breach materially and adversely affects the interests of the certificateholders in the mortgage loan, Residential Funding Corporation will be obligated to purchase the mortgage loan at a price equal to its principal balance as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount payable in respect of servicing compensation.

Likewise, as described under "*Description of the Certificates—Review of Mortgage Loan or Contract Documents*" in the prospectus, if Residential Funding Corporation cannot cure certain documentary defects with respect to a mortgage loan, Residential Funding Corporation will be required to repurchase the related mortgage loan.

In addition, Residential Funding Corporation may substitute a new mortgage loan for a deleted mortgage loan that is removed from the trust within two years after the closing date if it delivers an opinion of counsel with respect to certain tax matters. Any substitute mortgage loan will be required to satisfy certain conditions regarding its outstanding principal balance, mortgage rate, loan-to-value ratio and remaining term to maturity, as described more fully under "*The Trusts – Limited Right of Substitution*" in the prospectus. See also "*The Trusts—Repurchases of Mortgage Collateral*" in the prospectus.

Distributions on the Offered Certificates

Amount available for monthly distribution. On each monthly distribution date, the trustee will make distributions to investors. The amount available for distribution will include:

- collections of monthly payments on the mortgage loans, including prepayments and other unscheduled collections, *plus*
- advances for delinquent payments that are deemed recoverable by the Master Servicer, *minus*
- the fees and expenses of the subservicers and the master servicer,

including reimbursement for advances.

See "Description of the Certificates – Glossary of Terms – Available Distribution Amount" in this prospectus supplement.

Priority of distributions. Distributions on the offered certificates will be made from available amounts as described in this prospectus supplement as follows:

Priority of Distributions

Priority of Payment	
	Class A Certificates interest (pro rata)
	Class M Certificates interest (sequentially)
	Class A Certificates principal (pro rata)
	Class M Certificates principal (sequentially, in the order of priority described under "Description of the Certificates—Principal Distributions")

The remaining amounts will be distributed for the following purposes in the amounts and priority set forth under "*Description of the Certificates—Excess Cash Flow and Overcollateralization*" in this prospectus supplement:

- distribution of principal to cover some realized losses;
- distribution of additional principal until the applicable required level of overcollateralization is reached;
- payment in respect of prepayment interest shortfalls for that distribution date and remaining unpaid from prior distribution dates;
- payment in respect of basis risk shortfalls;
- payment in respect of shortfalls due to the Servicemembers Civil Relief Act for that distribution date;
- payment in respect of the principal portion of any realized losses previously allocated thereto that remain unreimbursed; and
- distribution of any remaining funds to the Class SB Certificates and Class R Certificates, as described in the pooling and servicing agreement.

See "Description of the Certificates—Interest Distributions," "—Principal Distributions" and "—Excess Cash Flow and Overcollateralization" in this prospectus supplement.

Interest distributions. The amount of interest accrued on each class of Class A Certificates and Class M Certificates on each distribution date will equal:

- the pass-through rate for that class of certificates; *multiplied by*
- the certificate principal balance of that class of certificates as of the day immediately prior to the related distribution date; *multiplied by*
- the actual number of days in the related interest accrual period divided by 360; *minus*

- the share of some types of interest shortfalls allocated to that class, such as prepayment interest shortfalls, relief act shortfalls and the interest portion of realized losses not covered by excess cash flow or overcollateralization, as described more fully in the definition of "*Accrued Certificate Interest" in "Description of the Certificates — Glossary of Terms*" in this prospectus supplement.

See "Description of the Certificates—Interest Distributions" in this prospectus supplement.

Net Deferred Interest. The amount of interest distributable on a distribution date with respect to the Class A Certificates and Class M Certificates will be reduced by the amount, if any, of net deferred interest on the mortgage loans for that distribution date that is allocated to such class of certificates as described under "*Description of Certificates – Allocation of Net Deferred Interest*." For any distribution date, the amount of deferred interest on the mortgage loans that will be allocated to the Class A Certificates and Class M Certificates will equal the excess, if any, of the interest deferred on the related mortgage loans from the previous due date to the due date related to that distribution date over the amount of full and partial prepayments received on the mortgage loans during the prepayment period related to that distribution date (this amount is referred to as net deferred interest). Net deferred interest allocated to the Class A Certificates and Class M Certificates will be added as principal to the outstanding certificate principal balance of such class of certificates.

Basis Risk Shortfall Amounts. The pass-through rates for each class of Class A Certificates and Class M Certificates for any distribution date will be subject to an interest rate cap, based on the weighted average of the net mortgage rates on the mortgage loans. If the sum of the index and the related margin for any class of the Class A Certificates or Class M Certificates exceeds the weighted average net mortgage rate cap, holders of those classes of the Class A Certificates and Class M Certificates will be entitled to receive the resulting basis risk shortfall amount from excess cash flow or from the basis risk shortfall reserve fund. With respect to the initial distribution date only, if the pass-through rate on the Class A Certificates or Class M Certificates is limited by the interest rate cap, holders of the Class A Certificates and Class M Certificates will be entitled to amounts withdrawn from the basis risk shortfall reserve fund. Holders of the Class A Certificates and Class M Certificates will not be entitled to reimbursement for basis risk shortfall amounts from the basis risk shortfall reserve fund on any other distribution date.

Basis Risk Shortfall Reserve Fund. On the closing date, the depositor will cause, on behalf of the trust, approximately $258,765 to be deposited in an account referred to herein as the basis risk shortfall reserve fund, which was estimated to approximate the amount of any potential shortfall of interest on the Class A Certificates and Class M Certificates on the initial distribution date due to the fact that certain mortgage loans are still in their initial fixed-rate period and the weighted average of the net mortgage rates on the mortgage loans will be less than the index plus the related margin on the Class A Certificates and Class M Certificates on such distribution date. To the extent any such class of certificates has a shortfall of interest on the initial distribution date due to the application of the weighted average net mortgage rate cap, amounts will be withdrawn from the basis risk shortfall reserve fund and paid to the Class A

Certificates and Class M Certificates on the initial distribution date to reduce that shortfall to the extent of available funds. The basis risk shortfall reserve fund will then be closed and amounts on deposit therein will be distributed to Goldman, Sachs & Co, or its designee.

Allocations of principal. Principal distributions on the offered certificates will be made from principal payments on the mortgage loans as described in this prospectus supplement. In addition, the offered certificates will receive a distribution of principal to the extent of any excess cash flow from the mortgage loans available to cover losses and then to increase the amount of overcollateralization until the required amount of overcollateralization is reached, to the extent described in this prospectus supplement.

See "Description of the Certificates—Principal Distributions" and "—Excess Cash Flow and Overcollateralization" in this prospectus supplement.

Credit Enhancement

The credit enhancement for the benefit of the offered certificates consists of:

Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the offered certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the offered certificates against some realized losses by making an additional payment of principal up to the amount of the realized losses.

Overcollateralization. On the closing date, the trust will issue an aggregate principal amount of offered certificates which is approximately equal to 99.20% of the aggregate principal balance of the mortgage loans as of the cut-off date. On each distribution date, to the extent not used to cover realized losses, excess cash flow, if necessary, will be used to pay principal to the offered certificates, reducing the aggregate certificate principal balance of those certificates below the aggregate principal balance of the mortgage loans to the extent necessary to maintain the required overcollateralization amount. The excess amount of the balance of the mortgage loans represents overcollateralization, which may absorb some losses on the mortgage loans to the extent not covered by excess cash flow.

Subordination. If the Class M Certificates remain outstanding, losses on the mortgage loans which are not covered by excess cash flow or overcollateralization will be allocated to the class of Class M Certificates with the lowest payment priority, and the other classes of certificates will not bear any portion of such losses, except as described in this prospectus supplement.

Advances

For any month, if the master servicer does not receive the full scheduled payment on a mortgage loan, the master servicer will advance funds to cover the amount of the scheduled payment that was not made. However, the master servicer may only advance funds if it determines that the advance would be recoverable from future payments or collections on that mortgage loan.

See "Description of the Certificates—Advances" in this prospectus supplement.

Optional Termination

On any distribution date on which the aggregate stated principal balance of the

mortgage loans, after giving effect to distributions to be made on that distribution date, is less than 10% of the aggregate stated principal balance of the mortgage loans as of the cut-off date, the master servicer may, but will not be required to:

- purchase from the trust all of the remaining mortgage loans, causing an early retirement of the certificates;

or

- purchase all of the certificates.

Under either type of optional purchase, holders of the outstanding certificates are entitled to receive the outstanding certificate principal balance of the certificates in full with accrued interest as described in this prospectus supplement. However, any optional purchase of the remaining mortgage loans may result in a shortfall to the holders of the most subordinate classes of certificates outstanding, if the trust then holds properties acquired from foreclosing upon defaulted loans. In either case, there will be no reimbursement of losses or interest shortfalls allocated to the certificates.

See "Pooling and Servicing Agreement—Termination" in this prospectus supplement and "The Pooling and Servicing Agreement—Termination; Retirement of Certificates" in the prospectus.

Ratings

When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-6 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled. A security rating is not a recommendation to buy, sell or hold a security and may be changed or withdrawn at any time by the assigning rating agency. The ratings also do not address the rate of principal prepayments on the mortgage loans. For example, the rate of prepayments, if different than originally anticipated, could adversely affect the yield realized by holders of the offered certificates. In addition, the ratings do not address the likelihood of the receipt of any amounts in respect of prepayment interest shortfalls, relief act shortfalls or basis risk shortfalls.

See "Ratings" in this prospectus supplement.

Legal Investment

When issued, the Class A, Class M-1, Class M-2 and Class M-3 Certificates will, and the Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates will not, be "mortgage related securities" for purposes of SMMEA. You should consult your legal advisors in determining whether and to what extent the offered certificates constitute legal investments for you.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus for important information concerning possible restrictions on ownership of the offered certificates by regulated institutions.

ERISA Considerations

Subject to the considerations described in "*ERISA Considerations*" in this prospectus supplement, the Class A Certificates and Class M Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Tax Status

For federal income tax purposes, the depositor will elect to treat the trust, exclusive of any basis risk shortfall reserve fund, as two real estate mortgage investment conduits. The offered certificates will each represent ownership of a regular interest in a real estate mortgage investment conduit coupled with a right to receive certain payments in respect of basis risk shortfall amounts. The offered certificates (exclusive of their right to payments of basis risk shortfall amounts) generally will be treated as representing ownership of debt for federal income tax purposes. You will be required to include in income all interest and original issue discount, if any, on such certificates in accordance with the accrual method of accounting regardless of your usual methods of accounting. For federal income tax purposes, the Class R Certificates will represent ownership of the sole residual interest in each REMIC.

For further information regarding the federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

RISK FACTORS

The offered certificates are not suitable investments for all investors. In particular, you should not purchase any class of offered certificates unless you understand the prepayment, credit, liquidity and market risks associated with that class.

The offered certificates are complex securities. You should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this prospectus supplement and the prospectus in the context of your financial situation and tolerance for risk.

You should carefully consider the following risk factors in connection with the purchase of the offered certificates:

Negative Amortization Loans and Deferred Interest

The yield on and weighted average lives of the certificates will be subject to negative amortization on the mortgage loans

The interest rates on the mortgage loans adjust monthly, after an initial fixed rate period of generally one month or three months, but their minimum monthly payments adjust annually, subject to maximum interest rates, payments caps and other limitations. The initial interest rates on most of the mortgage loans are lower than the sum of the index applicable at origination and the related gross margin and, for 30.5% of the mortgage loans are not more than 1.000% per annum and in no case exceed 3.750% per annum. During a period of rising interest rates, particularly prior to the first payment adjustment date, the amount of interest accruing on the principal balance of the mortgage loans may exceed the amount of the minimum monthly payment. As a result, a portion of the accrued interest on any mortgage loan may not be paid. That portion of accrued interest will become deferred interest that will be added to the principal balance of the related mortgage loan.

The amount of deferred interest, if any, with respect to mortgage loans for a given month will reduce the amount of interest collected on these mortgage loans that is available for distributions of interest on the certificates. The resulting reduction in interest collections on the mortgage loans will be offset, in part or in whole, by applying full or partial principal prepayments received on the mortgage loans to interest distributions on the certificates. For any distribution date, the remaining deferred interest, or net deferred interest, on the mortgage loans will be deducted from the interest payable to the certificates as described in *"Description of the Certificates—Allocation of Net Deferred Interest"* in this prospectus supplement. The amount of the reduction of accrued interest distributable to each class of certificates attributable to net deferred interest will be added to the certificate principal balance of that class. Any such allocation

of net deferred interest could, as a result, affect the weighted average life of the affected class of certificates. Only the amount by which full and partial principal prepayments received on the mortgage loans exceeds the amount of deferred interest on the mortgage loans, together with other scheduled and unscheduled payments of principal, will be distributed as a principal distribution on the certificates. The increase in the certificate principal balance of any class of certificates may increase the period of time during which the applicable class of certificates could absorb realized losses on the mortgage loans. We cannot predict the extent to which deferred interest will accrue on the mortgage loans, and therefore cannot predict the extent of the effect of the allocation of net deferred interest on the certificates.

Risk of Loss

Underwriting standards may affect risk of loss on the mortgage loans.

Generally, the mortgage loans have been originated using underwriting standards that are less stringent than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. Applying less stringent underwriting standards creates additional risks that losses on the mortgage loans will be allocated to certificateholders.

Examples include the following:

- mortgage loans secured by non-owner occupied properties, which constitute 8.2% of the mortgage pool by principal balance, may present a greater risk that the borrower will stop making monthly payments if the borrower's financial condition deteriorates;

- mortgage loans with loan-to-value ratios greater than 80% (i.e., the amount of the loan at origination is more than 80% of the value of the mortgaged property), which constitute 4.4% of the mortgage pool by principal balance, may increase the risk that the value of the mortgaged property will not be sufficient to satisfy the mortgage loan upon foreclosure;

- mortgage loans made to borrowers whose income is not required to be disclosed or verified, which constitute 89.1% of the mortgage pool by principal balance, may increase the risk that the borrower's income is less than that represented.

Some of the mortgage loans with loan-to-value ratios over 80% are insured by primary mortgage insurance to the extent described in this prospectus. However, if the insurer is unable to pay a claim, the amount of loss incurred on those loans may be increased.

In addition, in determining loan-to-value ratios for certain mortgage loans, the value of the related mortgaged property may be based on an appraisal that is up to 24 months old if there is a supporting broker's price opinion, automated valuation, drive-by appraisal or other certification of value. If such an appraisal does not reflect current market values and such market values have declined, the likelihood that proceeds from a sale of the mortgaged property may be insufficient to repay the mortgage loan is increased.

See "The Trusts—Underwriting Policies" and "Certain Legal Aspects of Mortgage Loans and Contracts" in the prospectus.

The return on your certificates could be reduced by shortfalls due to the Servicemembers Civil Relief Act.

The Servicemembers Civil Relief Act, as amended, or Relief Act, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. Current or future military operations of the United States may increase the number of borrowers who are in active military service, including persons in reserve status who have been called or will be called to active duty. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Any resulting interest shortfalls are not required to be paid by the borrower at any future time. The master servicer is not required to advance these shortfalls as delinquent payments, and the shortfalls are not covered by any form of credit enhancement on the certificates. Interest shortfalls on the mortgage loans due to the application of the Relief Act or similar legislation or regulations will be applied to reduce accrued interest on each class of the certificates on a pro rata basis.

The Relief Act also limits the ability of the servicer to foreclose on a mortgage loan during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the mortgage loans. Those delays and increased losses will be borne primarily by the class of certificates with a certificate principal balance greater than zero with the lowest payment priority.

We do not know how many mortgage loans have been or may be affected by the application of the Relief Act or similar legislation or regulations.

See the definition of Accrued Certificate Interest under "Description of the Certificates—Glossary of Terms" in this prospectus supplement and "Certain Legal Aspects of Mortgage Loans—Servicemembers Civil Relief Act" in the prospectus.

The return on your certificates may be affected by losses on the mortgage loans, which could occur due to a variety of causes.

Losses on the mortgage loans may occur due to a wide variety of causes, including a decline in real estate values, and adverse changes in the borrower's financial condition. A decline in real estate values or economic conditions nationally or in the regions where the mortgaged properties are concentrated may increase the risk of losses on the mortgage loans.

The return on your certificates may be particularly sensitive to changes in real estate markets in specific regions.

One risk of investing in mortgage-backed securities is created by any concentration of the related properties in one or more geographic regions. Approximately 63.2% and 10.7% of the cut-off date principal balance of the mortgage loans are located in California and Florida, respectively. If the regional economy or housing market weakens in California or Florida, or in any other region having a significant concentration of properties underlying the mortgage loans, the mortgage loans in that region may experience high rates of loss and delinquency, resulting in losses to certificateholders. A region's economic condition and housing market may also be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, floods and eruptions, civil disturbances such as riots, disruptions such as ongoing power outages, or terrorist actions or acts of war. The economic impact of any of those events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The properties underlying the mortgage loans may be concentrated in these regions. This concentration may result in greater losses to certificateholders than those generally present for similar mortgage-backed securities without that concentration.

Several hurricanes, which struck Louisiana, Alabama, Mississippi, Texas and Florida in recent months, may have adversely affected mortgaged properties located in those states. Generally, the mortgage pool does not include mortgage loans secured by mortgaged properties located in the federal emergency management agency ("FEMA") designated individual assistance zones. However, FEMA-designated individual assistance zones are subject to change from time to time by FEMA and, therefore, no assurance can be given that the mortgage pool is free of mortgage loans secured by mortgaged properties located in those areas. Further, mortgage loans in the mortgage pool may be secured by mortgaged

properties in FEMA-designated public assistance areas, which also may include mortgaged properties in areas that were affected by the hurricanes. Residential Funding will make a representation and warranty that each mortgaged property is free of damage and in good repair as of the closing date. In the event that a mortgaged property is damaged as of the closing date and that damage materially and adversely affects the value of or the interests of the holders of the certificates of that series in the related mortgage loan, Residential Funding will be required to repurchase the related mortgage loan from the trust. Any such repurchases may shorten the weighted average lives of the certificates. We do not know how many mortgaged properties have been or may be affected by the hurricanes and therefore whether the payment experience on any mortgage loan in the mortgage pool will be affected.

See "Description of the Mortgage Pool—Mortgage Pool Characteristics—The Mortgage Pool" in this prospectus supplement.

Excess interest from the mortgage loans may not provide adequate credit enhancement.

The amount by which the aggregate stated principal balance of the mortgage loans exceeds the aggregate class certificate balance of the classes of certificates, other than the Class SB Certificates and Class R Certificates, is called "overcollateralization." The initial level of overcollateralization (that is, the overcollateralization on the closing date) is expected to approximately equal to the initial level of overcollateralization required by the pooling and servicing agreement. The mortgage loans are expected to accrue more interest than is needed to pay interest on the classes of certificates because the weighted average net mortgage rate on the mortgage loans is expected to be higher than the weighted average pass-through rate on such classes of certificates. In the event that the level of overcollateralization is reduced, such "excess interest" will be used to make additional principal payments on the classes of certificates to the extent described in this prospectus supplement. Overcollateralization is intended to provide limited protection to the holders of the offered certificates by absorbing losses from liquidated mortgage loans. However, we cannot assure you that enough excess interest will be generated on the mortgage loans to maintain the required level of overcollateralization.

The excess interest available on any distribution date will be affected by the actual amount of interest received, collected or advanced in respect of the mortgage loans for that distribution date, the amount of deferred interest for those mortgage loans and the amount of principal collections available to offset the deferred interest. Such amount will be influenced by changes in the weighted average of the mortgage rates resulting from prepayments and liquidations of the mortgage loans as well as from adjustments of the

mortgage rates. The pass-through rate of each class of offered certificates is subject to a net rate cap which generally is based on the weighted average net mortgage rates of the mortgage loans. If the pass-through rate on one or more classes is limited by the applicable net rate cap, it may be necessary to apply all or a portion of the interest funds available to distribute interest at the pass-through rates for such classes of certificates. As a result, interest may be unavailable for any other purpose. If the protection afforded by overcollateralization is insufficient, then the holders of the offered certificates could experience a loss on their investment.

The value of your certificates may be reduced if losses are higher than expected.

If the performance of the mortgage loans is substantially worse than assumed by the rating agencies, the ratings of any class of the certificates may be lowered in the future. This would probably reduce the value of those certificates. None of the depositor, the master servicer or any other entity will have any obligation to supplement any credit enhancement, or to take any other action to maintain any rating of the certificates.

A transfer of master servicing in the event of a master servicer default may increase the risk of payment application errors.

If the master servicer defaults in its obligations under the pooling and servicing agreement, the master servicing of the mortgage loans may be transferred to the trustee or an alternate master servicer, as described under *"The Pooling and Servicing Agreement – Rights Upon Event of Default"* in the prospectus. In the event of such a transfer of master servicing there may be an increased risk of errors in applying payments from borrowers or in transmitting information and funds to the successor master servicer.

Risks Relating to Primary Mortgage Insurers

You may incur losses if a primary mortgage insurer fails to make payments under a primary mortgage insurance policy.

Approximately 4.4% 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% and are insured by a primary mortgage insurance policy issued by Mortgage Guaranty Insurance Corporation, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, General Electric Mortgage Insurance Corporation or Radian Guaranty Inc. If such a mortgage loan were subject to a foreclosure and the value of the related mortgaged property were not sufficient to satisfy the mortgage loan, payments under the primary mortgage insurance policy would be required to avoid any losses, or to reduce the losses on, such a mortgage loan. If the insurer is unable or refuses to pay a claim, the amount of such losses would be allocated to holders of certificates as realized losses.

Limited Obligations

Payments on the mortgage loans are the sole source of payments on your certificates.

The certificates represent interests only in the RALI Series 2006-QO3 Trust. The certificates do not represent an ownership interest in or obligation of the depositor, the master servicer or any of their affiliates. If proceeds from the assets of the RALI Series 2006-QO3 Trust are not sufficient to make all payments provided for under the pooling and servicing agreement, investors will have no recourse to the depositor, the master servicer or any other entity, and will incur losses.

Liquidity Risks

You may have to hold your certificates to maturity if their marketability is limited.

A secondary market for your certificates may not develop. Even if a secondary market does develop, it may not continue or it may be illiquid. Neither the underwriter nor any other person will have any obligation to make a secondary market in your certificates. Illiquidity means you may not be able to find a buyer to buy your certificates readily or at prices that will enable you to realize a desired yield. Illiquidity can have a severe adverse effect on the market value of your certificates.

Any class of offered certificates may experience illiquidity, although generally illiquidity is more likely for classes that are especially sensitive to prepayment, credit or interest rate risk, such as the Class A Certificates and Class M Certificates, or that have been structured to meet the investment requirements of limited categories of investors.

Bankruptcy Risks

Bankruptcy proceedings could delay or reduce distributions on the certificates.

The transfer of the mortgage loans from Residential Funding Corporation, or Residential Funding, to the depositor is intended by the parties to be and has been documented as a sale. However, if Residential Funding were to become bankrupt, a trustee in bankruptcy could attempt to recharacterize the sale of the mortgage loans as a loan secured by the mortgage loans or to consolidate the mortgage loans with the assets of Residential Funding. Any such attempt could result in a delay in or reduction of collections on the mortgage loans available to make payments on the certificates.

The bankruptcy of a borrower may increase the risk of loss on a mortgage loan.

If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a mortgage loan without a permanent forgiveness of the principal amount of the mortgage loan. Modifications have included reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a

monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. In addition, under the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.

Special Yield and Prepayment Considerations

The yield on your certificates will vary depending on the rate of prepayments.

The yield to maturity on each class of offered certificates will depend on a variety of factors, including:

- the rate and timing of principal payments on the related mortgage loans, including prepayments, net deferred interest on the mortgage loans, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments on the mortgage loans among the various classes of offered certificates;
- the pass-through rate for that class;
- interest shortfalls due to mortgagor prepayments; and
- the purchase price of that class.

The rate of prepayments is one of the most important and least predictable of these factors. No assurances are given that the mortgage loans will prepay at any particular rate.

In addition, the master servicer may, in some cases, purchase any mortgage loan or contract that is at least three months delinquent. Such repurchases would increase the prepayment rates on the mortgage loans.

In general, if you purchase a certificate at a price higher than its outstanding certificate principal balance and principal distributions on your certificate occur faster than you assumed at the time of purchase, your yield will be lower than you anticipated. Conversely, if you purchase a certificate at a price lower than its outstanding certificate principal balance and principal distributions on that class occur more slowly than you assumed at the time of purchase, your yield will be lower than you anticipated.

The rate of prepayments on the mortgage loans will vary depending on future market conditions and other factors.

Since mortgagors, in most cases, can prepay their mortgage loans at any time, the rate and timing of principal distributions on the offered certificates are highly uncertain and are dependent upon a wide variety of factors, including general economic conditions, interest rates, the availability of alternative financing and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans. This could result in a slower return of principal to you at a time when you might have been able to reinvest your funds at a higher rate of interest than the pass-through rate on your class of certificates. On the other hand, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. This could result in a faster return of principal to you at a time when you might not be able to reinvest your funds at an interest rate as high as the pass-through rate on your class of certificates.

Refinancing programs, which may involve soliciting all or some of the mortgagors to refinance their mortgage loans, may increase the rate of prepayments on the mortgage loans. These refinancing programs may be offered by the master servicer, any subservicer or their affiliates.

See "Description of the Mortgage Pool—The Program" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Maturity and Prepayment Considerations" in the prospectus.

Some of the mortgage loans provide for large payments at maturity.

Approximately 17.4% of the mortgage loans provide for a payment option whereby the monthly payment will not fully amortize the principal over the term to maturity of the mortgage loan and, thus, will require a substantial principal payment, sometimes called a balloon amount, at the stated maturity. Mortgage loans which require payment of a balloon amount involve a greater degree of risk because the ability of a mortgagor to pay a balloon amount typically will depend upon the mortgagor's ability either to timely refinance the loan or to sell the related mortgaged property.

See "Description of the Mortgage Pool" in this prospectus supplement.

The yield on your certificates will be affected by the specific terms that apply to that class, discussed below.

The offered certificates of each class have different yield considerations and different sensitivities to the rate and timing of principal distributions. The following is a general discussion of yield considerations and prepayment sensitivities of each class.

See "Certain Yield and Prepayment Considerations" in this prospectus supplement.

The pass-through rates on the offered certificates are subject to a net WAC rate cap and therefore may not always receive interest based on One-Month LIBOR plus the related margin.

The pass-through rate on each class of offered certificates is subject to a net WAC rate cap, as described in this prospectus supplement. Therefore, the prepayment of mortgage loans with higher mortgage rates may result in a lower pass-through rate on any class of offered certificates if the net WAC rate cap is reduced to less than One-Month LIBOR plus the related margin.

To the extent the pass-through rate on any class of offered certificates is based upon the net WAC rate cap, the difference between that net WAC rate cap and One-Month LIBOR plus the related margin will create a shortfall that will carry forward with interest thereon. The shortfalls described above will only be payable from any excess cash flow available for that purpose as described in this prospectus supplement or with respect to the first distribution date only, the basis risk reserve fund. These shortfalls may remain unpaid on the optional termination date, if the optional termination is exercised, or, if the optional termination is not exercised, on the final payment date.

The yields on the certificates may be affected by changes in interest rates.

The pass-through rates of the Class A Certificates and Class M Certificates will be based on the level of One-Month LIBOR, subject to the weighted average net mortgage rate cap. Thus, the yields to investors in these certificates will be sensitive to fluctuations in the level of One-Month LIBOR and may be adversely affected by the application of the weighted average net mortgage rate cap.

The mortgage rates on approximately 98.5% of the mortgage loans will be based on MTA, which is a 12-month average of the monthly yields on U.S. Treasury securities, adjusted to a constant maturity of one year. For the remaining mortgage loans, the mortgage rates will be based on the LIBOR index applicable to those mortgage loans. The MTA index may rise or fall more slowly or quickly than, or move in an opposite direction to, One-Month LIBOR. We cannot assure you as to the level, rate or timing of changes in any index. If One-Month LIBOR increases faster than MTA, the pass-through rate on the certificates, which is based on One-Month LIBOR, is more likely to be limited by the weighted average net mortgage rate cap, and the value of those certificates may be temporarily or permanently reduced.

Class M Certificates

The yield to investors in the Class M Certificates will be sensitive to the rate and timing of losses on the related mortgage loans, to the extent not covered by excess cash flow or overcollateralization. Losses on the mortgage loans, to the extent not covered by excess cash flow or overcollateralization, will be allocated to the most subordinate class of Class M Certificates outstanding.

See "Description of the Certificates—Allocation of Losses" in this prospectus supplement.

The recording of mortgages in the name of MERS may affect the yield on the certificates.

The mortgages or assignments of mortgage for many of the mortgage loans have been or may be recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns. Subsequent assignments of those mortgages are registered electronically through the MERS® System. However, if MERS discontinues the MERS® System and it becomes necessary to record an assignment of the mortgage to the trustee, then any related expenses shall be paid by the trust and will reduce the amount available to pay principal of and interest on the class or classes of certificates with certificate principal balances greater than zero with the lowest payment priorities.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. Public recording officers and others in the mortgage industry may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to certificateholders and increase the amount of losses on the mortgage loans.

For additional information regarding MERS and the MERS® System, see "Description of the Mortgage Pool—Mortgage Pool Characteristics" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

Issuing Entity

The depositor will establish a trust with respect to Series 2006-QO3 on the closing date, under a series supplement, dated as of March 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The pooling and servicing agreement is governed by the laws of the State of New York. On the closing date, the depositor will deposit into the trust a pool of mortgage loans that in the aggregate will constitute a mortgage pool, secured by first liens on one- to four-family residential properties with terms to maturity of not more than 40 years. The trust will not have any additional equity. The pooling and servicing agreement authorizes the trust to engage only in selling the certificates in exchange for the mortgage loans, entering into and performing its obligations under the pooling and servicing agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the trust fund and making distributions to certificateholders.

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.

Some capitalized terms used in this prospectus supplement have the meanings given below under "*Description of the Certificates—Glossary of Terms*" or in the prospectus under "*Glossary*."

Sponsor and Master Servicer

Residential Funding Corporation, a Delaware corporation, buys residential mortgage loans under several loan purchase programs from mortgage loan originators or sellers nationwide, including affiliates, that meet its seller/servicer eligibility requirements and services mortgage loans for its own account and for others. See "*The Trusts—Mortgage Collateral Sellers*" and "*—Qualifications of Sellers*" in the prospectus for a general description of applicable seller/servicer eligibility requirements. Residential Funding Corporation's principal executive offices are located at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. Its telephone number is (952) 857-7000. Residential Funding Corporation conducts operations from its headquarters in Minneapolis and from offices located primarily in California, Texas, Maryland, Pennsylvania and New York. Residential Funding Corporation finances its operations primarily through its securitization program.

Residential Funding Corporation was founded in 1982 and began operations in 1986, acquiring, servicing and securitizing residential jumbo mortgage loans secured by first liens on one- to four-family residential properties. General Motors Acceptance Corporation purchased Residential Funding Corporation in 1990. In 1995, Residential Funding Corporation expanded its business to include "Alt-A" first lien mortgage loans, such as some of the mortgage loans described in this prospectus supplement. Residential Funding Corporation also began to acquire and service "subprime", closed-end and revolving loans secured by second liens in 1995.

Sponsor Securitization Experience

The following tables set forth the aggregate principal amount of publicly offered securitizations of mortgage loans sponsored by Residential Funding Corporation for the past five years. Residential Funding Corporation sponsored approximately $23.9 billion and $2.4 billion in initial aggregate principal amount of mortgage-backed securities in the 2001 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Corporation sponsored approximately $52.1 billion and $2.4 billion in initial aggregate principal amount of mortgage-backed securities in the 2005 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Sponsor Securitization Experience

First Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages [1]	$ 16,387,846,100	$ 16,177,753,813	$ 18,964,072,062	$ 11,953,278,792	$ 24,149,038,614
Non-Prime Mortgages [2]	$ 7,566,949,253	$ 15,475,700,554	$ 27,931,235,627	$ 24,408,531,445	$ 27,928,496,334
Total	$ 23,954,795,353	$ 31,653,454,367	$ 46,895,307,689	$ 36,361,810,237	$ 52,077,534,948
Prime Mortgages [1]	68.41%	51.11%	40.44%	32.87%	46.37%
Non-Prime Mortgages [2]	31.59%	48.89%	59.56%	67.13%	53.63%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year [3]					
Prime Mortgages [1]	98.71%	(1.28)%	17.22%	(36.97)%	102.03%
Non-Prime Mortgages [2]	2.60%	104.52%	80.48%	(12.61)%	14.42%
Total Volume	53.34%	32.14%	48.15%	(22.46)%	43.22%

Junior Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages [1]	$ 2,438,519,235	$ 2,875,005,049	$ 3,207,008,585	$ 2,085,015,925	$ 2,409,506,573
Non-Prime Mortgages [2]	-	-	-	-	-
Total	$ 2,438,519,235	$ 2,875,005,049	$ 3,207,008,585	$ 2,085,015,925	$ 2,409,506,573
Prime Mortgages [1]	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages [2]	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year [3]					
Prime Mortgages [1]	(12.07)%	17.90%	11.55%	(34.99)%	15.56%
Non-Prime Mortgages [2]	-	-	-	-	-
Total Volume	(12.07)%	17.90%	11.55%	(34.99)%	15.56%

First Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages [1]	57,758	68,077	86,166	55,773	91,631
Non-Prime Mortgages [2]	71,443	136,789	200,446	170,696	173,796
Total	129,201	204,866	286,612	226,469	265,427
Prime Mortgages [1]	44.70%	33.23%	30.06%	24.63%	34.52%
Non-Prime Mortgages [2]	55.30%	66.77%	69.94%	75.37%	65.48%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year[3]					
Prime Mortgages [1]	56.78%	17.87%	26.57%	(35.27)%	64.29%
Non-Prime Mortgages [2]	(5.21)%	91.47%	46.54%	(14.84)%	1.82%
Total	15.14%	58.56%	39.90%	(20.98)%	17.20%

Junior Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages [1]	62,952	73,188	84,962	51,614	53,071
Non-Prime Mortgages [2]	-	-	-	-	-
Total	62,952	73,188	84,962	51,614	53,071
Prime Mortgages [1]	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages [2]	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year [3]					
Prime Mortgages [1]	(16.49)%	16.26%	16.09%	(39.25)%	2.82%
Non-Prime Mortgages [2]	-	-	-	-	-
Total	(16.49)%	16.26%	16.09%	(39.25)%	2.82%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans—Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

Master Servicer Servicing Experience

The following tables set forth the annual average outstanding principal balance, calculated as of year end, of mortgage loans master serviced by Residential Funding Corporation for the past five years, and the annual average number of such loans for the same period. Residential Funding Corporation was the master servicer of a residential mortgage loan portfolio of approximately $67.8 billion and $3.5 billion in average outstanding principal amount during the 2001 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Corporation was the master servicer of a residential mortgage loan portfolio of approximately $101.9 billion and $5.5 billion in average outstanding principal during the 2005 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Master Servicer Servicing Experience

First Lien Mortgage Loans

Volume by Average Outstanding Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages [1]	$ 51,374,446,489	$ 43,282,264,857	$ 33,749,084,171	$ 32,453,682,854	$ 47,935,800,813
Non-Prime Mortgages [2]	$ 16,429,992,363	$ 24,910,565,613	$ 39,334,697,127	$ 50,509,138,736	$ 53,938,083,312
Total	$ 67,804,438,852	$ 68,192,830,470	$ 73,083,781,298	$ 82,962,821,591	$ 101,873,884,125
Prime Mortgages [1]	75.77%	63.47%	46.18%	39.12%	47.05%
Non-Prime Mortgages [2]	24.23%	36.53%	53.82%	60.88%	52.95%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year [3]					
Prime Mortgages [1]	(3.91)%	(15.75)%	(22.03)%	(3.84)%	47.71%
Non-Prime Mortgages [2]	27.94%	51.62%	57.90%	28.41%	6.79%
Total Based on Average Outstanding Principal Balance	2.26%	0.57%	7.17%	13.52%	22.79%

Junior Lien Mortgage Loans

Volume by Average Outstanding Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages [1]	$ 3,512,887,567	$ 4,102,615,571	$ 4,365,319,862	$ 5,135,640,057	$ 5,476,133,777
Non-Prime Mortgages [2]	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 3,512,887,567	$ 4,102,615,571	$ 4,365,319,862	$ 5,135,640,057	$ 5,476,133,777
Prime Mortgages [1]	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages [2]	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year[3]					
Prime Mortgages [1]	13.85%	16.79%	6.40%	17.65%	6.63%
Non-Prime Mortgages [2]	-	-	-	-	-
Total Based on Average Outstanding Principal Balance	13.85%	16.79%	6.40%	17.65%	6.63%

First Lien Mortgage Loans

Volume by Average Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages [1]	237,946	202,938	168,654	156,745	201,903
Non-Prime Mortgages [2]	168,058	242,625	341,863	414,639	411,550
Total	406,004	445,563	510,517	571,384	613,453
Prime Mortgages [1]	58.61%	45.55%	33.04%	27.43%	32.91%
Non-Prime Mortgages [2]	41.39%	54.45%	66.96%	72.57%	67.09%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year [3]					
Prime Mortgages [1]	(6.59)%	(14.71)%	(16.89)%	(7.06)%	28.81%
Non-Prime Mortgages [2]	28.76%	44.37%	40.90%	21.29%	(0.74)%
Total Based on Average Number of Loans	5.39%	9.74%	14.58%	11.92%	7.36%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans—Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

Junior Lien Mortgage Loans

Volume by Percentage of Average Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages [1]	104,044	118,773	127,833	147,647	143,713
Non-Prime Mortgages [2]	-	-	-	-	-
Total	104,044	118,773	127,833	147,647	143,713
Prime Mortgages [1]	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages [2]	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year[3]					
Prime Mortgages [1]	22.78%	14.16%	7.63%	15.50%	(2.66)%
Non-Prime Mortgages [2]	-	-	-	-	-
Total Based on Average Number of Loans	22.78%	14.16%	7.63%	15.50%	(2.66)%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans—Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.

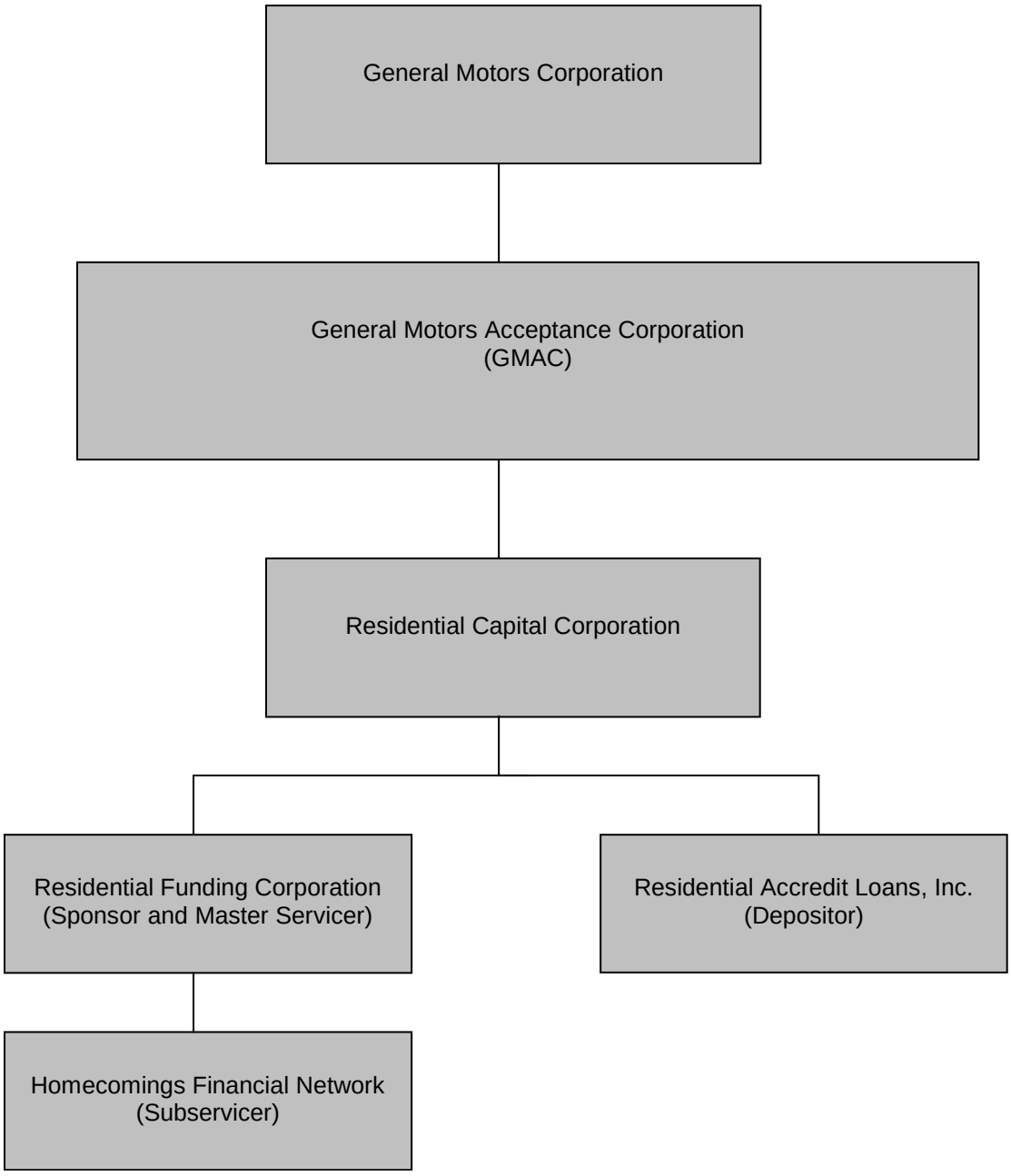
(3) Represents year to year growth or decline as a percentage of the prior year's volume.

Residential Funding Corporation's overall procedures for originating and acquiring mortgage loans are described under "*Description of the Mortgage Pool – The Program*" in this prospectus supplement. Residential Funding Corporation's material role and responsibilities in this transaction, including as master servicer, are described in the prospectus under "*The Trusts —Qualification of Sellers*" and "*The Trusts – Repurchases of Mortgage Collateral*" and in this prospectus supplement under "*Pooling and Servicing Agreement—The Master Servicer and Subservicer—Master Servicer*."

Residential Funding Corporation's wholly-owned subsidiary, Homecomings Financial Network, Inc., or Homecomings, originated and sold to Residential Funding Corporation approximately 47.6% of the mortgage loans included in the mortgage pool. See "*Affiliations Among Transaction Parties,*" "*Description of the Mortgage Pool – Originators*" and "*Pooling and Servicing Agreement – The Master Servicer and Subservicers*" in this prospectus supplement.

Affiliations Among Transaction Parties

The diagram below illustrates the various relationships among the affiliated transaction parties.



Description of the Mortgage Pool

General

The mortgage pool will consist of 1,897 payment-option, adjustable-rate mortgage loans with a negative amortization feature, with an aggregate principal balance outstanding as of the cut-off date after deducting payments of principal due during the month of the cut-off date, of approximately $650,012,926. The mortgage loans are secured by first liens on fee simple or leasehold interests in one- to four-family residential real properties.

None of the mortgage loans have a due date other than the first of each month. The mortgage loans will consist of mortgage loans with terms to maturity of not more than 40 years from the date of origination.

All percentages of the mortgage loans described in this prospectus supplement are approximate percentages by aggregate principal balance as of the cut-off date after deducting payments of principal due during the month of the cut-off date, unless otherwise indicated.

All of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding. No unaffiliated seller sold more than 10.0% of the mortgage loans to Residential Funding Corporation. Approximately 47.6% of the mortgage loans were purchased from Homecomings Financial Network, Inc., which is an affiliate of Residential Funding Corporation and is referred to in this prospectus supplement as Homecomings. All of the mortgage loans are being subserviced by Homecomings.

The mortgage loans were selected for inclusion in the mortgage pool from among mortgage loans purchased in connection with the Expanded Criteria Program described below based on the Sponsor's assessment of investor preferences and rating agency criteria.

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.

Mortgage Pool Characteristics

None of the mortgage loans will have been originated prior to July 5, 2005 or will have a maturity date later than March 1, 2046. No mortgage loan will have a remaining term to stated maturity as of the cut-off date of less than 353 months. The weighted average remaining term to stated maturity of the mortgage loans as of the cut-off date will be approximately 374 months. The weighted average original term to maturity of the mortgage loans as of the cut-off date will be approximately 374 months. As used in this prospectus supplement the remaining term to maturity means, as of any date of determination and with respect to any mortgage loan, the number of months equaling the number of scheduled monthly payments necessary to reduce the then-current stated principal balance of that mortgage loan to zero, assuming the related mortgagor will make all scheduled monthly payments but no prepayments, on the mortgage loan thereafter.

The original mortgages for many of the mortgage loans have been, or in the future may be, at the sole discretion of the master servicer, recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns, and subsequent assignments of those mortgages have been, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. In some other cases, the original mortgage was recorded in the name of the originator of the mortgage loan, record ownership was later assigned to MERS, solely as nominee for the owner of the mortgage loan, and subsequent assignments of the mortgage were, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. For each of these mortgage loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the mortgage loan. As of the cut-off date, approximately 95.8% of the mortgage loans were recorded in the name of MERS. For additional information regarding the recording of mortgages in the name of MERS see "*Yield and Prepayment Considerations—General*" in this prospectus supplement and "*Description of the Certificates—Assignment of Mortgage Loans*" in the prospectus.

All of the mortgage loans provide for payment of a prepayment charge. With respect to some of these mortgage loans, the prepayment charge provisions provide for payment of a prepayment charge for partial prepayments and full prepayments made within up to three years following the origination of that mortgage loan, in an amount not to exceed the maximum amount permitted by state law. Generally, such amount is equal to six months' interest on any amounts prepaid during any twelve-month period in excess of 20% of the original principal balance of the related mortgage loan or a specified percentage of the amounts prepaid. The amount of the applicable prepayment charge, to the extent permitted under applicable law, is as provided in the related mortgage note. Applicable law may impose limitations on the amount of the prepayment charge or render such prepayment charge unenforceable. In addition, under certain circumstances the master servicer may waive a prepayment charge. The holders of the Class SB Certificates will be entitled to all prepayment charges received on the mortgage loans, and these amounts will not be available for distribution on the offered certificates. See "*Certain Legal Aspects of Mortgage Loans and Contracts—Default Interest and Limitations on Prepayments*" in the prospectus.

As used in this prospectus supplement, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the next following monthly scheduled due date: "60 to 89 days" or "60 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the second following monthly scheduled due date; and so on. The determination as to whether a mortgage falls into these categories is made as of the close of business on the last business day of each month.

Compliance with Local, State and Federal Laws

Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following:

- Each mortgage loan at the time it was made complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti predatory lending laws.

- None of the mortgage loans were subject to the Home Ownership and Equity Protection Act of 1994. None of the mortgage loans are loans that, under applicable state or local law in effect at the time of origination of the loan, are referred to as (1) "high cost" or "covered" loans or (2) any other similar designation if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees. See "*Certain Legal Aspects of the Mortgage Loans – The Mortgage Loans – Homeownership Act and Similar State Laws*" in the prospectus.

- None of the proceeds for the mortgage loans were used to finance the purchase of single premium credit insurance policies.

- None of the mortgage loans contain prepayment charges that extend beyond three years after the date of origination.

Residential Funding will be required to repurchase or substitute for any mortgage loan that violates any of these representations and warranties, if that violation materially and adversely affects the interests of the certificateholders in that mortgage loan. Residential Funding maintains policies and procedures that are designed to ensure that it does not purchase mortgage loans subject to the Homeownership Act. However, there can be no assurance that these policies and procedures will assure that each and every mortgage loan complies with all applicable origination laws in all material respects. Residential Funding is opposed to predatory lending practices, as a matter of corporate policy. In addition, Residential Funding's Servicer Guide requires that each subservicer accurately and fully report its borrower credit files to credit repositories in a timely manner.

See "*Certain Legal Aspects of Mortgage Loans and Contracts*" in the prospectus.

Mortgage Rate Adjustment

The interest rates on the mortgage loans adjust monthly, after an initial fixed rate period of generally one month or three months. The mortgage rate for each mortgage loan will be

adjusted to equal the sum of the index applicable to that mortgage loan and a fixed percentage amount, or note margin, for the mortgage loan, subject to rounding and the limitations described in this prospectus supplement. Subject to the maximum mortgage rate specified in the related mortgage note, none of the mortgage loans have a cap on the amount by which the interest rate may be adjusted on any adjustment date.

The index applicable to the determination of the mortgage rates for the mortgage loans is a per annum rate equal to one of (a) the twelve-month average of the monthly yields on United States Treasury securities adjusted to a constant maturity of one year, as published by the Federal Reserve Board in Statistical Release H.15(519) (the "MTA index") or (b) the average of the London interbank offered rates for one month U.S. dollar deposits in the London market, generally as set forth in either The Wall Street Journal or some other source generally accepted in the residential mortgage loan origination business (the "LIBOR index"). Approximately 98.5% and 1.5% of the mortgage loans adjust based on the MTA index and the LIBOR index, respectively. In the event that the related index specified in a mortgage note is no longer available, an index reasonably acceptable to the trustee that is based on comparable information will be selected by the master servicer.

Each of the mortgage loans will have an initial minimum monthly payment based on an amount that would fully amortize the mortgage loan over a 30 or 40 year term at the initial mortgage rate in effect on the mortgage loan. The initial mortgage rate in effect on a mortgage loan generally will be lower, and may be significantly lower, than the mortgage rate that would have been in effect based on the related index and note margin. While the interest rate on each mortgage loan will adjust monthly, the minimum monthly payment on each mortgage loan generally will only adjust annually, beginning on the due date of the month following the month in which the adjustment date occurs, to equal the amount necessary to pay interest at the then-applicable mortgage rate and, except with respect to Balloon Loans, to fully amortize the outstanding stated principal balance of each mortgage loan over its remaining term to stated maturity, subject to a payment adjustment cap specified in the related mortgage loan. Generally, the payment adjustment cap on each mortgage loan limits the amount by which the monthly payment can increase on any annual payment adjustment date to 7.5% per annum.

No mortgage loan will have a mortgage rate that exceeds the maximum mortgage rate specified in the related mortgage note, or the maximum mortgage rate. Due to the application of the maximum mortgage rates, the mortgage rate on each mortgage loan, as adjusted on any mortgage rate adjustment date, may be less than the sum of the index and the gross margin. Each mortgage loan will have a minimum mortgage rate equal to the rate specified in the related mortgage note or if no minimum rate is specified, the note margin.

Unless the related index declines after origination of a mortgage loan, the related mortgage rate will generally increase on the first adjustment date following origination of the mortgage loan. The repayment of the mortgage loans will be dependent on the ability of the mortgagors to make larger monthly payments following adjustments of the mortgage rate. Mortgage loans that have the same initial mortgage rate may not always bear interest at the same mortgage rate because these mortgage loans may have different adjustment dates, and the mortgage rates therefore may reflect different related index values, note margins, maximum mortgage rates and minimum mortgage rates.

Because the mortgage rates on the mortgage loans adjust at a different time than the monthly payments thereon and the payment caps may limit the amount by which the monthly payments may adjust, the amount of a monthly payment may be more or less than the amount necessary to fully amortize the principal balance of the mortgage loans over its then remaining term at the applicable mortgage rate. Accordingly, the mortgage loans may be subject to reduced amortization (if the monthly payment due on a due date is sufficient to pay interest accrued during the related interest accrual period at the applicable mortgage rate but is not sufficient to reduce principal in accordance with a fully amortizing schedule); negative amortization (if interest accrued during the related interest accrual period at the applicable mortgage rate is greater the entire monthly payment due on the related due date); or accelerated amortization (if the monthly payment due on a due date is greater than the amount necessary to pay interest accrued during the related interest accrual period at the applicable mortgage rate and to reduce principal in accordance with a fully amortizing schedule). In the event of negative amortization, the amount of interest that is not covered by the monthly payment, or deferred interest, is added to the principal balance of such mortgage loan and, if such deferred interest is not offset by subsequent accelerated amortization, it may result in a final lump sum payment at maturity greater than, and potentially substantially greater than, the monthly payment due on the immediately preceding due date.

The unpaid principal balance of a mortgage loan may not be increased due to deferred interest above 110% or 115% of the original principal amount of the mortgage loan. On any day on which the amount of deferred interest would cause the unpaid principal balance of a mortgage loan to exceed that amount, the monthly payment will be adjusted to equal an amount that would fully amortize the mortgage loan over the remaining term of the mortgage loan at the current mortgage rate. In addition, on the fifth payment adjustment date and on each fifth payment adjustment date thereafter, the payment adjustment cap will not apply and the monthly payment will be adjusted to equal an amount that would fully amortize the mortgage loan over the remaining term of the mortgage loan at the current mortgage rate.

On each payment date, the servicer will generally present to each borrower three payment options in addition to the minimum monthly payment described above. Those payment options will generally include (i) interest only, (ii) an amount that will fully amortize the mortgage loan over a period of 15 years from the first payment date at the current mortgage rate and (iii) an amount that will fully amortize the mortgage loan over the remaining term of the mortgage loan at the current mortgage rate (except for Balloon Loans, where the monthly payment will provide for the payment of principal generally based on a 40 year amortization schedule although the mortgage loan will have a scheduled maturity date of approximately 30 years from the due date of the first monthly payment). Those payment options will only be available to the borrower if they are higher than the minimum monthly payment described above.

Characteristics of the Mortgage Loans

The mortgage loans will have the following characteristics as of the cut-off date, after deducting payments of principal due in the month of the cut-off date:

Number of Mortgage Loans	1,897
Net Mortgage Rates:	
Weighted average	3.9012%
Range	0.565% to 7.825%
Mortgage Rates:	
Weighted average	4.3262%
Range	0.990% to 8.250%
Note Margins:	
Weighted average	3.2912%
Range	2.150% to 4.525%
Minimum Mortgage Rates:	
Weighted average	3.2912%
Range	2.150% to 4.525%
Minimum Net Mortgage Rates:	
Weighted average	2.8662%
Range	1.725% to 4.100%
Maximum Mortgage Rates:	
Weighted average	9.9732%
Range	8.450% to 11.700%
Maximum Net Mortgage Rates:	
Weighted average	9.5482%
Range	8.025% to 11.275%
Weighted average months to next interest rate adjustment date	1

The mortgage loans will have the following additional characteristics:

- The mortgage loans have an aggregate principal balance as of the cut-off date, after deducting payments of principal due in the month of the cut-off date, of approximately $650,012,926.

- The mortgage loans have individual principal balances at origination of at least $38,000 but not more than $2,745,000, with an average principal balance at origination of approximately $342,949.

- No unaffiliated seller sold more than 10.0% of the mortgage loans to Residential Funding. Approximately 47.6% of the mortgage loans were purchased from Homecomings, which is an affiliate of Residential Funding.

- None of the mortgage loans will have been originated prior to July 5, 2005 or will have a maturity date later than March 1, 2046.

- No mortgage loan has a remaining term to stated maturity as of the cut-off date of less than 353 months.

- The weighted average remaining term to stated maturity of the mortgage loans as of the cut–off date will be approximately 374 months. The weighted average original term to maturity of the mortgage loans as of the cut-off date will be approximately 374 months.

- As of the cut-off date, none of the mortgage loans are currently 30 to 59 days delinquent in payment of principal and interest. As of the cut-off date, none of the mortgage loans have been 30 to 59 days delinquent in payment of principal and interest since origination. As of the cut-off date, none of the mortgage loans are currently 60 to 89 days delinquent in the payment of principal and interest. As of the cut-off date, none of the mortgage loans have been 60 to 89 days delinquent in the payment of principal and interest since origination. As of the cut-off date, none of the mortgage loans are currently 90 or more days delinquent in the payment of principal and interest. As of the cut-off date, none of the mortgage loans have been 90 or more days delinquent in the payment of principal and interest since origination. For a description of the methodology used to categorize mortgage loans as delinquent, see "— *Static Pool Information*" below.

- None of the mortgage loans are Buy-Down Loans.

- All of the mortgage loans are secured by first liens on fee simple interests or leaseholds in one- to four-family residential properties.

- None of the mortgage loans provide for conversion from an adjustable rate to a fixed rate.

- 281 of the mortgage loans, representing approximately 17.4% of the mortgage loans, are Balloon Loans.

- None of the mortgage loans have been made to international borrowers.

The mortgage loans are generally assumable in accordance with the terms of the related mortgage note. See "*Maturity and Prepayment Considerations*" in the prospectus.

In connection with the mortgage loans secured by a leasehold interest, Residential Funding shall have represented to the depositor that, among other things: the use of leasehold estates for residential properties is an accepted practice in the area where the related mortgaged property is located; residential property in such area consisting of leasehold estates is readily

marketable; the lease is recorded and no party is in any way in breach of any provision of such lease; the leasehold is in full force and effect and is not subject to any prior lien or encumbrance by which the leasehold could be terminated or subject to any charge or penalty; and the remaining term of the lease does not terminate less than ten years after the maturity date of such mortgage loan.

Set forth in Annex I of this prospectus supplement is a description of additional characteristics of the mortgage loans as of the cut-off date, except as otherwise indicated. All percentages of the mortgage loans are approximate percentages by aggregate principal balance of the mortgage loans as of the cut-off date, except as otherwise indicated. Unless otherwise specified, all principal balances of the mortgage loans are as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, and are rounded to the nearest dollar.

Balloon Mortgage Loans

Approximately 17.4% of the mortgage loans provide for a payment option whereby the monthly payment will provide for the payment of principal generally based on a 40 year amortization schedule although the mortgage loan will have a scheduled maturity date of approximately 30 years from the due date of the first monthly payment, leaving a substantial portion of the original principal amount due and payable on the scheduled maturity date of the mortgage loan. These mortgage loans are sometimes called balloon mortgage loans and the payments due at maturity are called balloon amounts. The existence of a balloon amount generally will require the related mortgagor to refinance the balloon mortgage loan or to sell the mortgaged property on or prior to the scheduled maturity date. The ability of a mortgagor to accomplish either of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the mortgagor's equity in the related mortgaged property, the financial condition of the mortgagor, tax laws and prevailing general economic conditions. None of the depositor, the master servicer or the trustee is obligated to refinance any balloon mortgage loan.

Static Pool Information

Current static pool data with respect to mortgage loans serviced by Residential Funding is available on the internet at www.gmacrfcstaticpool.com (the "Static Pool Data"). Information presented under (i) "RALI" as the issuer/shelf, (ii) "QO" as the series, and (iii) "2006-QO3" as the deal, will include information regarding prior securitizations of mortgage loans that are similar to the mortgage loans included in this mortgage pool, based on underwriting criteria and credit quality, and that information is referred to in this prospectus supplement as Static Pool Data. Static Pool Data that relates to periods prior to January 1, 2006, will not form part of this prospectus supplement, the accompanying prospectus, or the registration statement relating to the offered certificates.

As used in the Static Pool Data, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly due date. The determination as to whether a mortgage loan falls into this category is made as of the close of

business on the last business day of each month. Grace periods and partial payments do not affect these determinations.

From time to time, the master servicer or a subservicer will modify a mortgage loan, recasting monthly payments for delinquent borrowers who have experienced financial difficulties. Generally such borrowers make payments under the modified terms for a trial period, before the modifications become final. During any such trial period, delinquencies are reported based on the mortgage loan's original payment terms. The trial period is designed to evaluate both a borrower's desire to remain in the mortgaged property and, in some cases, a borrower's capacity to pay a higher monthly payment obligation. The trial period generally may extend to up to six months before a modification is finalized. Once the modifications become final delinquencies are reported based on the modified terms. Generally if a borrower fails to make payments during a trial period, the mortgage loan goes into foreclosure. Historically, the master servicer has not modified a material number of mortgage loans in any pool. Furthermore, the rating agencies rating the certificates impose certain limitations on the ability of the master servicer to modify loans.

Charge-offs are taken only when the master servicer has determined that it has received all payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to any mortgage loan.

Standard Hazard Insurance and Primary Mortgage Insurance

Each mortgage loan is required to be covered by a standard hazard insurance policy. In addition, to the best of the depositor's knowledge, except in the case of two loans representing approximately 0.1% of the aggregate principal balance of the mortgage loans, each mortgage loan with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy, which is referred to as a primary insurance policy, covering at least 35% of the balance of the mortgage loan at origination if the LTV ratio is between 100.00% and 95.01%, at least 30% of the balance of the mortgage loan at origination if the LTV ratio is between 95.00% and 90.01%, at least 25% of the balance of the mortgage loan at origination if the LTV ratio is between 90.00% and 85.01%, and at least 12% of the balance of the mortgage loan at origination if the LTV ratio is between 85.00% and 80.01%.

All of the primary insurance policies were issued by Mortgage Guaranty Insurance Corporation, Republic Mortgage Insurance N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, General Electric Mortgage Insurance Corporation or Radian Guaranty Inc. which collectively are the primary insurers. Each primary insurer has a claims paying ability currently acceptable to the rating agencies that have been requested to rate the certificates; however, no assurance as to the actual ability of any primary insurer to pay claims can be given by the depositor, the issuing entity or the underwriters. See "*Insurance Policies on Mortgage Loans or Contracts*" in the prospectus.

The Program

General. Residential Funding, under its Expanded Criteria Program, or the 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. However, a portion of the mortgage loans under the program may qualify for the Fannie Mae or Freddie Mac programs. 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. Borrowers may be international borrowers. The mortgage loans also include mortgage loans secured by parcels of land that are smaller or larger than the average for these types of loans, mortgage loans with higher LTV ratios than in those other programs, and mortgage loans with LTV ratios over 80% that do not require primary mortgage insurance. See "*—Program Underwriting Standards*" below. The inclusion of those mortgage loans may present certain risks that are not present in those other programs. The program is administered by Residential Funding on behalf of the depositor.

Qualifications of Program Sellers. Each Expanded Criteria Program Seller has been selected by Residential Funding on the basis of criteria described in Residential Funding's Expanded Criteria Seller Guide, or the Seller Guide. See "*The Trusts—Qualifications of Sellers*" in the prospectus.

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 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.

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.

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. Any determination described above 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. See "*The Trusts—Underwriting Policies—Automated Underwriting*" in the prospectus.

Because of the program criteria and underwriting standards described above, the mortgage loans may experience greater rates of delinquency, foreclosure and loss than mortgage loans required to satisfy more stringent underwriting standards.

Billing and Payment Procedures. The majority of the mortgage loans require monthly payments to be made no later than either the 1st or 15th day of each month, with a grace period. The applicable servicer sends monthly invoices to borrowers. In some cases, borrowers are provided with coupon books annually, and no invoices are sent separately. Borrowers may elect for monthly payments to be deducted automatically from deposit accounts and may make payments by various means, including online transfers, phone payment and Western Union quick check, although an additional fee may be charged for these payment methods. Borrowers may also elect to pay one half of each monthly payment amount every other week, in order to accelerate the amortization of their loans.

Underwriting Standards

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.

Originators

Homecomings is a Delaware corporation and wholly-owned subsidiary of Residential Funding Corporation. Homecomings originated approximately 47.6% of the mortgage loans. See also the "*The Pooling and Servicing Agreement – The Master Servicer and Subservicers -- Homecomings Financial Network, Inc*."

The mortgage loans were originated in accordance with Residential Funding Corporation's underwriting standards described above. See "*Description of the Mortgage Pool — Underwriting Standards*" above.

Additional Information

The description in this prospectus supplement of the mortgage pool and the mortgaged properties is based upon the mortgage pool as constituted at the close of business on the cut-off date, as adjusted for the scheduled principal payments due during the month of the cut-off date. Prior to the issuance of the offered certificates, Residential Funding Corporation may remove mortgage loans from the mortgage pool as a result of incomplete or defective documentation, or if it determines that the mortgage loan does not satisfy the characteristics described in this prospectus supplement. Residential Funding Corporation may also add a limited number of other mortgage loans to the mortgage pool prior to the issuance of the offered certificates in substitution for removed loans. The information in this prospectus supplement will be substantially representative of the characteristics of the mortgage pool as it will be constituted at the time the offered certificates are issued, although the range of mortgage rates and maturities and some other characteristics of the mortgage loans in the mortgage pool may vary. In the event mortgage loans are removed from or added to the mortgage pool after the date hereof prior to the closing and any material pool characteristics of the actual mortgage pool differ by 5% or more from the description of the mortgage pool in this prospectus supplement, a current report on Form 8-K describing the final mortgage pool will be filed with the Securities and Exchange Commission within four business days of the related closing.

A current report on Form 8-K will be available to purchasers of the offered certificates and will be filed by the issuing entity, in its own name, together with the pooling and servicing agreement, with the Securities and Exchange Commission within fifteen days after the initial issuance of the offered certificates.

Description of the Certificates

General

The Series 2006-QO3 Mortgage Asset-Backed Pass-Through Certificates will include the following fourteen classes:

- Class A-1 Certificates;
- Class A-2 Certificates;
- Class A-3 Certificates, which together with the Class A-1 Certificates and Class A-2 Certificates are sometimes referred to as the Class A Certificates;
- Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates, which together are sometimes referred to as the Class M Certificates;
- Class SB Certificates; and
- Class R-I Certificates and Class R-II Certificates, which together are sometimes referred to as the Residual Certificates, or Class R Certificates.

Only the Class A Certificates and Class M Certificates are offered hereby. See "*Glossary*" in the prospectus for the meanings of capitalized terms and acronyms not otherwise defined in this prospectus supplement.

The certificates, in the aggregate, will evidence the entire beneficial ownership interest in the trust. The trust will consist of:

- the mortgage loans;
- the cash deposited in respect of the mortgage loans in the Custodial Account and in the Certificate Account and belonging to the trust;
- property acquired by foreclosure of the mortgage loans or deed in lieu of foreclosure;
- any applicable primary insurance policies and standard hazard insurance policies;
- the Basis Risk Shortfall Reserve Fund; and
- all proceeds of any of the foregoing.

The offered certificates will be available only in book-entry form through facilities of The Depository Trust Company, and are collectively referred to as the DTC registered certificates. The Class A Certificates and the Class M-1, Class M-2 and Class M-3 Certificates will be issued in minimum denominations of $100,000 and integral multiples of $1 in excess of $100,000. The Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates will be issued in minimum denominations of $250,000 and integral multiples of $1 in excess thereof.

The DTC registered certificates will be represented by one or more certificates registered in the name of Cede & Co., as the nominee of DTC. No beneficial owner will be entitled to receive a certificate of any class in fully registered form, or a definitive certificate, except as described in the prospectus under "Description of the Certificates—Form of Certificates."

For additional information regarding DTC and the DTC registered certificates, see "*Description of the Certificates—Form of Certificates*" in the prospectus.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the certificates:

Accrued Certificate Interest—With respect to any class of Class A Certificates and Class M Certificates and any distribution date, an amount equal to interest accrued during the related Interest Accrual Period on its Certificate Principal Balance immediately prior to that distribution date at the related Pass-Through Rate for that distribution date, less (x) any Net Deferred Interest allocated to such class of certificates and (y) certain interest shortfalls, including Relief Act Shortfalls, on the mortgage loans described below.

Net Deferred Interest will be allocated as described in "*Description of Certificates – Allocation of Net Deferred Interest*," below.

Accrued Certificate Interest will be reduced by Prepayment Interest Shortfalls to the extent not covered by Eligible Master Servicer Compensation, and by Relief Act Shortfalls, each as described in "—Interest Distributions" below. These reductions will be allocated to the related certificates on a pro rata basis, based upon the amount of Accrued Certificate Interest that would have accrued on these certificates absent these reductions.

In addition to the foregoing, Accrued Certificate Interest on any class of Class M Certificates may be reduced by the interest portion of Realized Losses that are not covered by Excess Cash Flow or overcollateralization and are allocated to that class of certificates as described in "—Allocation of Losses" below.

Accrued Certificate Interest will be calculated on the basis of the actual number of days in the related Interest Accrual Period and a 360-day year.

Available Distribution Amount—With respect to any distribution date, an amount equal to the sum of the following amounts, net of amounts reimbursable to the master servicer and any subservicer:

- the aggregate amount of scheduled payments on the mortgage loans due during the related Due Period and received on or prior to the related determination date, after deduction of the master servicing fees and any subservicing fees;

- unscheduled payments, including mortgagor prepayments on the mortgage loans, Insurance Proceeds, Liquidation Proceeds and Subsequent Recoveries, and proceeds from repurchases of and substitutions for the mortgage loans occurring during the preceding

calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period; and

- all Advances made for that distribution date in respect of the mortgage loans.

In addition to the foregoing amounts, with respect to unscheduled collections on the mortgage loans, not including mortgagor prepayments, the master servicer may elect to treat these amounts as included in the Available Distribution Amount for the distribution date in the month of receipt, but is not obligated to do so. As described in this prospectus supplement under "—Principal Distributions," any amount with respect to which this election is made shall be treated as having been received on the last day of the preceding calendar month for the purposes of calculating the amount of principal and interest distributions to any class of certificates. With respect to any distribution date, the determination date is the second business day prior to that distribution date.

Basis Risk Shortfall—With respect to any class of Class A Certificates and Class M Certificates and any distribution date on which the Net WAC Cap Rate is used to determine the Pass-Through Rate of that class of certificates, an amount equal to the excess of (x) Accrued Certificate Interest for that class of certificates calculated at a rate equal to the One Month LIBOR plus the related Margin, over (y) Accrued Certificate Interest for that class calculated using the Net WAC Cap Rate.

Basis Risk Shortfall Carry-Forward Amount—With respect to any Class of Class A Certificates and Class M Certificates and any distribution date, an amount equal to the amount of the related Basis Risk Shortfall on that class on that distribution date, plus any unpaid Basis Risk Shortfall from prior distribution dates, plus interest thereon to the extent not previously paid from Excess Cash Flow or the Basis Risk Shortfall Reserve Fund, at a rate equal to the related Pass-Through Rate.

Basis Risk Shortfall Reserve Fund—The reserve fund to be established by the depositor as described in "Description of Certificates – Interest Distributions – Basis Risk Shortfall Reserve Fund.

Capitalization Reimbursement Amount—With respect to any distribution date, the amount of Advances or Servicing Advances that were added to the outstanding principal balance of the related mortgage loans during the preceding calendar month and reimbursed to the master servicer or subservicer on or prior to that distribution date.

Certificate Principal Balance—With respect to any class of Class A Certificates and Class M Certificates and any date of determination, an amount equal to its initial certificate principal balance, reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that class of certificates, (b) in the case of any class of Class M Certificates, any reductions in its Certificate Principal Balance in connection with the allocation of Realized Losses in the manner described in this prospectus supplement and increased by (c) the amount of Net Deferred Interest allocated to such class of certificates; provided, that with respect to any distribution date, the Certificate Principal Balance of the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates, beginning with the class of certificates with the highest payment priority, to which a Realized Loss was

previously allocated and remains unreimbursed will be increased to the extent of Realized Losses previously allocated thereto and remaining unreimbursed, but only to the extent of Subsequent Recoveries received during the previous calendar month. The initial Certificate Principal Balance of the Class SB Certificates is equal to the excess, if any, of (a) the initial aggregate Stated Principal Balance of the mortgage loans over (b) the initial aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates.

Class A Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the Principal Distribution Amount for that distribution date or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

(a) the Principal Distribution Amount for that distribution date; and

(b) the excess, if any, of (A) the aggregate Certificate Principal Balance of the Class A Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M Principal Distribution Amount—With respect to any distribution date, the sum of the Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount and Class M-8 Principal Distribution Amount for that distribution date.

Class M-1 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class A Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-2 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for

that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount and Class M-1 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates and Class M-1 Certificates (after taking into account the payment of the Class A Principal Distribution Amount and Class M-1 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-3 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1 and Class M-2 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-4 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount

or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2 and Class M-3 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-5 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3 and Class M-4 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-6 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution

Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4 and Class M-5 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-6 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-7 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M 5 and Class M-6 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-7 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and

(y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Class M-8 Principal Distribution Amount—With respect to any distribution date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that distribution date, the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that distribution date, the lesser of:

- the remaining Principal Distribution Amount for that distribution date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount; and

- the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M 5, Class M-6 and Class M-7 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount for that distribution date) and (2) the Certificate Principal Balance of the Class M-8 Certificates immediately prior to that distribution date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date and (y) the excess, if any, of the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date, over the Overcollateralization Floor.

Deferred Interest— The amount of interest which is deferred and added to the principal balance of a mortgage loan due to the negative amortization feature as described in this prospectus supplement.

Due Date— With respect to any distribution date and any mortgage loan, the date during the related Due Period on which scheduled payments are due.

Due Period— With respect to any distribution date, the calendar month in which the distribution date occurs.

Eligible Master Servicing Compensation—With respect to any distribution date, an amount equal to the lesser of (a) one-twelfth of 0.125% of the Stated Principal Balance as of that distribution date and (b) the sum of the master servicing fee payable to the master servicer in respect of its master servicing activities and reinvestment income received by the master servicer on amounts payable with respect to that distribution date.

Excess Cash Flow—With respect to any distribution date, an amount equal to the sum of (a) the excess of (i) the Available Distribution Amount for that distribution date over (ii) the sum of (A) the Interest Distribution Amount for that distribution date and (B) the Principal Remittance Amount for that distribution date and (b) the Overcollateralization Reduction Amount, if any, for that distribution date.

Excess Overcollateralization Amount—With respect to any distribution date, the excess, if any, of the Overcollateralization Amount on that distribution date over the Required Overcollateralization Amount for that distribution date.

Expense Fee Rate—With respect to any mortgage loan, the sum of the rates at which the master servicing and subservicing fees are paid.

Interest Accrual Period—With respect to the Class A Certificates and Class M Certificates and any distribution date, the period commencing on the prior distribution date (or, in the case of the first distribution date, the closing date) and ending on the day immediately preceding that distribution date. Notwithstanding the foregoing, the distributions of interest on any distribution date for all classes of certificates will reflect interest accrued, and receipts for that interest accrued, on the mortgage loans for the preceding calendar month, as may be reduced by any Prepayment Interest Shortfall and other shortfalls in collections of interest to the extent described in this prospectus supplement.

Interest Distribution Amount—With respect to any distribution date, the aggregate amount of Accrued Certificate Interest on the Class A Certificates and Class M Certificates for that distribution date plus any Accrued Certificate Interest remaining unpaid from any prior distribution date, together with interest thereon at the Pass-Through Rate in effect for that distribution date, in each case to the extent distributed to the holders of the offered certificates as described under "—Interest Distributions."

Margin—With respect to each class of Class A Certificates and Class M Certificates, the related margin set forth in the table below:

	Related Margins	
Class	**(1)**	**(2)**
A-1	0.210%	0.420%
A-2	0.260%	0.520%
A-3	0.330%	0.660%
M-1	0.420%	0.630%
M-2	0.430%	0.645%
M-3	0.470%	0.705%
M-4	0.720%	1.080%
M-5	0.780%	1.170%
M-6	0.930%	1.395%
M-7	1.500%	2.250%
M-8	1.500%	2.250%

(1) Initially.

(2) On and after the second distribution date after the first possible Optional Termination Date.

Net Deferred Interest— On any distribution date, the excess, if any, of the Deferred Interest that accrued on the mortgage loans during the related Due Period over prepayments in full and partial prepayments, available to be distributed on the certificates on that distribution date.

Net Mortgage Rate—With respect to any mortgage loan, the mortgage rate thereon minus the Expense Fee Rate.

Net WAC Cap Rate—With respect to any distribution date and the Class A Certificates and Class M Certificates, the weighted average of the Net Mortgage Rates of the mortgage loans as of the end of the calendar month immediately preceding the month in which such distribution date occurs, weighted on the basis of the Stated Principal Balance of each mortgage loan, and multiplied by a fraction the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period for such certificates.

One-Month LIBOR—The London interbank offered rate for one-month United States Dollar deposits determined as described in this prospectus supplement.

Optional Termination Date— Any distribution date on which the aggregate Stated Principal Balance of the mortgage loans then held by the trust fund is less than 10% of the aggregate Stated Principal Balance of the mortgage loans as of the Cut-off Date after deducting payments of principal due during the month of the Cut-off Date.

Overcollateralization Amount—With respect to any distribution date, the excess, if any, of (a) the aggregate Stated Principal Balance of the mortgage loans before giving effect to distributions of principal to be made on that distribution date, over (b) the aggregate Certificate

Principal Balance of the Class A Certificates and Class M Certificates before taking into account distributions of principal to be made on that distribution date.

Overcollateralization Floor— An amount equal to 0.50% of the aggregate principal balance of the mortgage loans as of the cut-off date.

Overcollateralization Increase Amount—With respect to any distribution date, an amount equal to the lesser of (i) the Excess Cash Flow for that distribution date (to the extent not used to cover the amounts described in clauses (iv) and (v) of the definition of Principal Distribution Amount as of such distribution date) and (ii) the excess, if any, of (x) the Required Overcollateralization Amount for that distribution date over (y) the Overcollateralization Amount for that distribution date.

Overcollateralization Reduction Amount—With respect to any distribution date on which the Excess Overcollateralization Amount is, or would be, after taking into account all other distributions to be made that distribution date, greater than zero, an amount equal to the lesser of (i) the Excess Overcollateralization Amount prior to that distribution date and (ii) the Principal Remittance Amount for that distribution date.

Pass-Through Rate—With respect to each class of Class A Certificates and Class M Certificates and any distribution date, the lesser of (i) One-Month LIBOR plus the related Margin and (ii) the Net WAC Cap Rate.

Principal Distribution Amount—With respect to any distribution date, the lesser of (a) the excess of (i) the Available Distribution Amount over (ii) the Interest Distribution Amount and (b) the sum of the following:

(i) the principal portion of all scheduled monthly payments on the mortgage loans received or advanced with respect to the related due period;

(ii) the principal portion of all proceeds of the repurchase of mortgage loans, or, in the case of a substitution, amounts representing a principal adjustment, as required by the pooling and servicing agreement during the preceding calendar month;

(iii) the principal portion of all other unscheduled collections received on the mortgage loans during the preceding calendar month other than Subsequent Recoveries, including, without limitation, Insurance Proceeds, Liquidation Proceeds and, except to the extent applied to offset Deferred Interest, full and partial Principal Prepayments made by the respective mortgagors, to the extent not distributed in the preceding month or, in the case of Principal Prepayments in full, during the related Prepayment Period;

(iv) the lesser of (a) Subsequent Recoveries for that distribution date and (b) the principal portion of any Realized Losses allocated to the Class M Certificates on a prior distribution date and remaining unpaid;

(v) the lesser of (a) the Excess Cash Flow for that distribution date, to the extent not used in clause (iv) above on such distribution date, and (b) the principal portion of any Realized Losses incurred, or deemed to have been incurred, on any mortgage loans in the calendar month preceding that distribution date to the extent

covered by Excess Cash Flow for that distribution date as described under "—Excess Cash Flow and Overcollateralization" below; and

(vi) the lesser of (a) the Excess Cash Flow for that distribution date, to the extent not used pursuant to clauses (iv) and (v) above on such distribution date, and (b) the amount of any Overcollateralization Increase Amount for that distribution date;

minus

(vii) the amount of any Overcollateralization Reduction Amount for that distribution date; and

(viii) any related Capitalization Reimbursement Amount.

In no event will the Principal Distribution Amount on any distribution date be less than zero or greater than the outstanding aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates.

Principal Remittance Amount—With respect to any distribution date, the sum of the amounts described in clauses (b)(i), (b)(ii) and (b)(iii) of the definition of Principal Distribution Amount for that distribution date.

Realized Loss—As to any defaulted mortgage loan that is finally liquidated the portion of the Stated Principal Balance plus accrued and unpaid interest remaining after application of all amounts recovered, net of amounts reimbursable to the master servicer for related Advances, Servicing Advances and other expenses, towards interest and principal owing on the mortgage loan. For a mortgage loan the principal balance of which has been reduced in connection with bankruptcy proceedings, the amount of the reduction. As to any mortgage loan that has been the subject of a Debt Service Reduction, the amount of the reduction. For a mortgage loan that has been modified, following a default or if a default was reasonably foreseeable, the amount of principal that has been forgiven, the amount by which a monthly payment has been reduced due to a reduction of the interest rate, and any Servicing Advances that are forgiven and reimbursable to the master servicer or servicer. To the extent the Master Servicer receives Subsequent Recoveries with respect to any mortgage loan, the amount of the Realized Loss with respect to that mortgage loan will be reduced to the extent such recoveries are received.

Record Date—With respect to the offered certificates and any distribution date, the close of business on the day prior to that distribution date.

Relief Act Shortfalls—Interest shortfalls resulting from the application of the Servicemembers Civil Relief Act, or any similar legislation or regulations.

Required Overcollateralization Amount—With respect to any distribution date (i) prior to the Stepdown Date, an amount equal to 0.80% of the aggregate Stated Principal Balance of the mortgage loans as of the cut-off date; (ii) on or after the Stepdown Date but prior to the distribution date in April 2012, provided a Trigger Event is not in effect, the greater of (x) 2.00% of the outstanding aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions made on that distribution date and (y) the Overcollateralization Floor; (iii) on or after the Stepdown Date and on or after the distribution date in April 2012,

provided a Trigger Event is not in effect, the greater of (x) 1.60% of the outstanding aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions made on that distribution date and (y) the Overcollateralization Floor; and (iv) on or after the Stepdown Date if a Trigger Event is in effect, the Required Overcollateralization Amount for the immediately preceding distribution date; provided that the Required Overcollateralization Amount may be reduced so long as written confirmation is obtained from each rating agency that the reduction will not reduce the ratings assigned to the Class A Certificates and Class M Certificates by that rating agency below the lower of the then-current ratings or the ratings assigned to those certificates as of the closing date by that rating agency.

Sequential Trigger Event—A Sequential Trigger Event is in effect with respect to any distribution date if (i) prior to the 37th distribution date, the aggregate amount of Realized Losses on the mortgage loans as a percentage of the initial aggregate Stated Principal Balance as of the cut-off date exceeds 0.45%, or (ii) if, on or after the 37th distribution date, a Trigger Event is in effect.

Senior Enhancement Percentage—With respect to any distribution date, the Senior Enhancement Percentage will be equal to a fraction, the numerator of which is the sum of (x) the aggregate Certificate Principal Balance of the Class M Certificates immediately prior to that distribution date and (y) the Overcollateralization Amount, in each case prior to the distribution of the Principal Distribution Amount on such distribution date, and the denominator of which is the aggregate Stated Principal Balance of the mortgage loans after giving effect to distributions to be made on that distribution date.

Sixty-Plus Delinquency Percentage—With respect to any distribution date on or after the Stepdown Date, the arithmetic average, for each of the three distribution dates ending with such distribution date, of the fraction, expressed as a percentage, equal to (x) the aggregate Stated Principal Balance of the mortgage loans that are 60 or more days delinquent in payment of principal and interest for that distribution date, including mortgage loans in foreclosure and REO, over (y) the aggregate Stated Principal Balance of all of the mortgage loans for the immediately preceding that distribution date.

Stated Principal Balance—With respect to any mortgage loan and as of any date of determination, (a) the sum of (i) the principal balance thereof as of the cut-off date after payment of all scheduled principal payments due during the month of the cut-off date, (ii) any amount by which the outstanding principal balance thereof has been increased pursuant to a servicing modification and (iii) any amount by which the outstanding principal balance thereof has been increased for Deferred Interest pursuant to the terms of the related mortgage note on or prior to the distribution date, minus (b) the sum of (i) the aggregate of the principal portion of the scheduled monthly payments due with respect to that mortgage loan during each due period commencing on the first due period after the cut-off date and ending with the due period related to the previous distribution date which were received or with respect to which an advance was made, (ii) all principal prepayments with respect to such mortgage loan and all Liquidation Proceeds and Insurance Proceeds, to the extent applied by the master servicer as recoveries of principal, in each case which were distributed on any previous distribution date, and (iii) any Realized Loss allocated to the trust with respect to that mortgage loan for any previous distribution date.

Stepdown Date—The later to occur of (x) the distribution date in April 2009 and (y) the first distribution date on which the Senior Enhancement Percentage is greater than or equal to (a) on any distribution date prior to the distribution date in April 2012, approximately 19.625% and (b) on any distribution date on or after the distribution date in April 2012, approximately 15.700%.

Subordination Percentage—With respect to each class of Class A Certificates and Class M Certificates, the respective approximate percentage set forth in the table below:

Class	**Percentage** (1)	**Percentage** (2)
A	80.375%	84.300%
M-1	86.750%	89.400%
M-2	90.000%	92.000%
M-3	91.250%	93.000%
M-4	92.500%	94.000%
M-5	93.750%	95.000%
M-6	95.000%	96.000%
M-7	96.750%	97.400%
M-8	98.000%	98.400%

(1) For any distribution date prior to the distribution date in April 2012.

(2) For any distribution date in April 2012 or thereafter.

Subsequent Recoveries—Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Trigger Event—A Trigger Event is in effect with respect to any distribution date on or after the Stepdown Date if either (a) the Sixty-Plus Delinquency Percentage, as determined on that distribution date, exceeds 35.41%, if prior to the distribution date in April 2012, or 40.00%, if on or after the distribution date in April 2012, of the Senior Enhancement Percentage for that distribution date or (b) the aggregate amount of Realized Losses on the mortgage loans as a percentage of the initial aggregate Stated Principal Balance as of the cut-off date exceeds the applicable amount set forth below:

- April 2009 to March 2010: 0.450% with respect to April 2009, plus an additional 1/12th of 0.350% for each month through March 2010.

- April 2010 to March 2011: 0.800% with respect to April 2010, plus an additional 1/12th of 0.350% for each month through March 2011.

- April 2011 to March 2012: 1.150% with respect to April 2011, plus an additional 1/12th of 0.400% for each month through March 2012.

- April 2012 to March 2013: 1.550% with respect to April 2012, plus an additional 1/12th of 0.150% for each month through March 2013.

- April 2013 and thereafter: 1.700%

Interest Distributions

On each distribution date, holders of the Class A-1, Class A-2 and Class A-3 Certificates will be entitled to receive interest distributions, on a pro rata basis, in an amount equal to the related Accrued Certificate Interest thereon for that distribution date plus any Accrued Certificate Interest, together with interest thereon at the related Pass-Through Rate, remaining unpaid from any prior distribution date, to the extent of the Available Distribution Amount for that distribution date.

On each distribution date, holders of each class of the Class M Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on such class, plus any Accrued Certificate Interest remaining unpaid from any prior distribution date, together with interest thereon at the related Pass-Through Rate, to the extent of the Available Distribution Amount remaining after distributions of interest to the Class A Certificates and distributions of interest to any class of Class M Certificates with a higher payment priority.

With respect to any distribution date, any Prepayment Interest Shortfalls during the preceding calendar month will be offset by the master servicer, but only to the extent these Prepayment Interest Shortfalls do not exceed Eligible Master Servicing Compensation. On any distribution date, Eligible Master Servicing Compensation will be applied to cover Prepayment Interest Shortfalls.

Prepayment Interest Shortfalls relating to the mortgage loans which are not covered as described above and Relief Act Shortfalls will be allocated to the offered certificates, on a pro rata basis, based upon the amount of Accrued Certificate Interest that would have accrued absent these shortfalls, in each case in reduction of Accrued Certificate Interest thereon.

Any Prepayment Interest Shortfalls not covered by Eligible Master Servicing Compensation or Excess Cash Flow and allocated to a class of certificates will accrue interest at the then-applicable Pass-Through Rate on that class of certificates, and will be paid, together with interest thereon, on future distribution dates only to the extent of any Excess Cash Flow available therefor on that distribution date, as described under "—Excess Cash Flow and Overcollateralization" below. Relief Act Shortfalls will not be covered by any source, except that Relief Act Shortfalls arising in an Interest Accrual Period may be covered by Excess Cash Flow in that Interest Accrual Period in the manner described under "—Excess Cash Flow and Overcollateralization."

If the Pass-Through Rate on any class of Class A Certificates or Class M Certificates is limited by the Net WAC Cap Rate, Basis Risk Shortfalls will occur and will be reimbursed from Excess Cash Flow, to the extent described in this prospectus supplement, or, with respect to the first distribution date only, from amounts with drawn from the Basis Risk Shortfall Reserve Fund. See "*—Excess Cash Flow and Overcollateralization*" below.

Basis Risk Shortfall Reserve Fund

On the closing date, the depositor will cause, on behalf of the trust, approximately $258,765 to be deposited to the trustee for deposit in the Basis Risk Shortfall Reserve Fund, which is an amount estimated to equal the amount of any potential shortfall of interest on the Class A Certificates and Class M Certificates on the initial distribution date due to the fact that certain mortgage loans are still in their initial fixed-rate period and the Net WAC Rate will be less than One-Month LIBOR plus the related Pass-Through Margin on the Class A Certificates and Class M Certificates on such distribution date. To the extent any of the Class A Certificates or Class M Certificates has a shortfall of interest on the initial distribution date due to the application of the Net WAC Rate, amounts will be withdrawn from the Basis Risk Shortfall Reserve Fund and paid to the Class A Certificates and Class M Certificates on the initial distribution date. Such distributions will only be available to the Class A Certificates and Class M Certificates with respect to any shortfalls accruing as of the initial distribution date. Thereafter, the Basis Risk Shortfall Reserve Fund will be closed and amounts on deposit therein will be distributed to Goldman, Sachs and Co., or its designee

The ratings assigned to any class of offered certificates do not address the likelihood of the receipt of any amounts in respect of any Prepayment Interest Shortfalls, Basis Risk Shortfall Carry-Forward Amounts or Relief Act Shortfalls.

Allocation of Net Deferred Interest

To the extent there is any Net Deferred Interest on any distribution date, it will be allocated to the Class A Certificates and Class M Certificates based upon their respective interest entitlements on that distribution date (before giving effect to the allocation of Net Deferred Interest on that distribution date) and without regard to the Net WAC Cap Rate. Any Net Deferred Interest allocated to the Class A Certificates and Class M Certificates will be added as principal to the outstanding certificate balance of such class of certificates.

Determination of One-Month LIBOR

One-Month LIBOR shall be established by the trustee for each Interest Accrual Period. One-Month LIBOR will equal the rate for United States dollar deposits for one month which appears on the Dow Jones Telerate Screen Page 3750 as of 11:00 A.M., London time, on the second LIBOR business day prior to the first day of that Interest Accrual Period, or the LIBOR rate adjustment date. Dow Jones Telerate Screen Page 3750 means the display designated as page 3750 on the Telerate Service or any other page as may replace page 3750 on that service for the purpose of displaying London interbank offered rates of major banks. If the rate does not appear on that page or any other page as may replace that page on that service, or if the service is no longer offered, any other service for displaying LIBOR or comparable rates that may be selected by the trustee after consultation with the master servicer, the rate will be the reference bank rate as described below.

The reference bank rate will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the reference banks, which shall be three major banks that are engaged in transactions in the London interbank market, selected by the trustee after consultation with the master servicer. The reference bank rate will be determined as of 11:00 A.M., London

time, on the day that is one LIBOR business day prior to the immediately preceding distribution date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates then outstanding. The trustee will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If on that date fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by one or more major banks in New York City, selected by the trustee after consultation with the master servicer, as of 11:00 A.M., New York City time, on that date for loans in U.S. Dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates then outstanding. If no quotations can be obtained, the rate will be One-Month LIBOR for the prior distribution date; provided however, if, under the priorities listed previously in this paragraph, One-Month LIBOR for a distribution date would be based on One-Month LIBOR for the previous distribution date for the third consecutive distribution date, the trustee shall, after consultation with the master servicer, select an alternative comparable index over which the trustee has no control, used for determining one-month Eurodollar lending rates that is calculated and published or otherwise made available by an independent party. LIBOR business day means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the city of London, England are required or authorized by law to be closed.

The establishment of One-Month LIBOR by the trustee and the master servicer's subsequent calculation of the pass-through rates applicable to the Class A Certificates and Class M Certificates for the relevant Interest Accrual Period, in the absence of manifest error, will be final and binding.

Principal Distributions

Holders of each class of Class A Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the Interest Distribution Amount is distributed, a distribution allocable to principal in the manner set forth below.

The Class A Principal Distribution Amount will be distributed to the Class A-1, Class A-2 and Class A-3 Certificates, pro rata, until the certificate principal balances thereof have been reduced to zero; provided, however, that if a Sequential Trigger Event is in effect, the Class A Principal Distribution Amount will be distributed sequentially to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, in each case until the certificate principal balance thereof has been reduced to zero.

Holders of the Class M-1 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount and the Class A Principal Distribution Amount have been distributed, the Class M-1 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-1 Certificates has been reduced to zero.

Holders of the Class M-2 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount have been distributed, the Class M-2 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-2 Certificates has been reduced to zero.

Holders of the Class M-3 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount and the Class M-2 Principal Distribution Amount have been distributed, the Class M-3 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-3 Certificates has been reduced to zero.

Holders of the Class M-4 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount and the Class M-3 Principal Distribution Amount have been distributed, the Class M-4 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-4 Certificates has been reduced to zero.

Holders of the Class M-5 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount and the Class M-4 Principal Distribution Amount have been distributed, the Class M-5 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-5 Certificates has been reduced to zero.

Holders of the Class M-6 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount and the Class M-5 Principal Distribution Amount have been distributed, the Class M-6 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-6 Certificates has been reduced to zero.

Holders of the Class M-7 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount, the Class M-5 Principal Distribution Amount and the Class M-6 Principal Distribution Amount have been distributed, the Class M-7 Principal Distribution Amount, in reduction of the Certificate Principal Balance

thereof, until the Certificate Principal Balance of the Class M-7 Certificates has been reduced to zero.

Holders of the Class M-8 Certificates will be entitled to receive on each distribution date, to the extent of the Available Distribution Amount remaining after the sum of the Interest Distribution Amount, the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount, the Class M-5 Principal Distribution Amount, the Class M-6 Principal Distribution Amount and the Class M-7 Principal Distribution Amount have been distributed, the Class M-8 Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-8 Certificates has been reduced to zero.

Excess Cash Flow and Overcollateralization

Excess Cash Flow will be applied on any distribution date as follows:

- *first*, as part of the Principal Distribution Amount, to pay to the holders of the Class M Certificates in reduction of their Certificate Principal Balances, the principal portion of Realized Losses previously allocated to reduce the Certificate Principal Balance of any class of Class M Certificates and remaining unreimbursed, but only to the extent of Subsequent Recoveries for that distribution date;

- *second*, as part of the Principal Distribution Amount, to pay to the holders of the Class A Certificates and Class M Certificates in reduction of their Certificate Principal Balances, the principal portion of Realized Losses incurred on the mortgage loans for the preceding calendar month;

- *third*, to pay the holders of the Class A Certificates and Class M Certificates as part of the Principal Distribution Amount, any Overcollateralization Increase Amount;

- *fourth*, to pay the holders of Class A Certificates and Class M Certificates, the amount of any Prepayment Interest Shortfalls allocated thereto for that distribution date, on a pro rata basis based on Prepayment Interest Shortfalls allocated thereto, to the extent not covered by the Eligible Master Servicing Compensation on that distribution date;

- *fifth*, to pay to the holders of the Class A Certificates and Class M Certificates, any Prepayment Interest Shortfalls remaining unpaid from prior distribution dates together with interest thereon, on a pro rata basis based on unpaid Prepayment Interest Shortfalls previously allocated thereto;

- *sixth*, to pay to the holders of the Class A Certificates, pro rata, and then the Class M Certificates, in order of priority, the amount of any Basis Risk Shortfall Carry-Forward Amount remaining unpaid as of that distribution date, after first

giving effect, with respect to the initial distribution date, to distributions, if any, from the Basis Risk Shortfall Reserve Fund;

- *seventh*, to pay to the holders of the Class A Certificates and Class M Certificates, the amount of any Relief Act Shortfalls allocated thereto for that distribution date, on a pro rata basis based on Relief Act Shortfalls allocated thereto for that distribution date;

- *eighth*, to pay to the holders of the Class M Certificates, in order of priority, the principal portion of any Realized Losses previously allocated thereto that remain unreimbursed; and

- *ninth*, to pay to the holders of the Class SB Certificates and Class R Certificates any balance remaining, in accordance with the terms of the pooling and servicing agreement.

On any distribution date, any amounts payable pursuant to clauses first, second and third above shall be included in the Principal Distribution Amount and shall be paid as described in "Principal Distributions" above. Any amounts payable pursuant to clause eighth above shall not accrue interest or reduce the Certificate Principal Balance of the Class M Certificates.

In addition, notwithstanding the foregoing, on any distribution date after the distribution date on which the Certificate Principal Balance of a class of certificates has been reduced to zero, that class of certificates will be retired and will no longer be entitled to distributions, including distributions in respect of Prepayment Interest Shortfalls and any Basis Risk Shortfall or reimbursement of the principal portion of any Realized Losses previously allocated thereto that remain unreimbursed.

The pooling and servicing agreement requires that the Excess Cash Flow, to the extent available as described above, will be applied as an accelerated payment of principal on the Class A Certificates and Class M Certificates, to the extent that the Required Overcollateralization Amount exceeds the Overcollateralization Amount as of that distribution date and in the order of priority set forth in this prospectus supplement. The application of Excess Cash Flow to the payment of principal on the Class A Certificates and Class M Certificates has the effect of accelerating the amortization of those certificates relative to the amortization of the mortgage loans.

In the event that the Required Overcollateralization Amount is permitted to decrease or "step down" on a distribution date, a portion of the principal which would otherwise be distributed to the holders of the Class A Certificates and Class M Certificates on that distribution date shall not be distributed to the holders of those certificates. This has the effect of decelerating the amortization of the Class A Certificates and Class M Certificates relative to the amortization of the related mortgage loans, and of reducing the Overcollateralization Amount.

Allocation of Losses

Realized Losses on the mortgage loans will be allocated or covered as follows: first, to remaining Excess Cash Flow for that distribution date; second, by a reduction in the

Overcollateralization Amount until reduced to zero; third, to the Class M-8 Certificates; fourth, to the Class M-7 Certificates; fifth, to the Class M-6 Certificates; sixth, to the Class M-5 Certificates; seventh, to the Class M-4 Certificates; eighth, to the Class M-3 Certificates; ninth, to the Class M-2 Certificates; and tenth, to the Class M-1 Certificates, in each case, until the Certificate Principal Balance thereof has been reduced to zero.

With respect to any defaulted mortgage loan that is finally liquidated, through foreclosure sale, disposition of the related mortgaged property if acquired on behalf of the certificateholders by deed in lieu of foreclosure, or otherwise, the amount of loss realized, if any, will equal the portion of the Stated Principal Balance remaining, if any, plus interest thereon through the date of liquidation, after application of all amounts recovered, net of amounts reimbursable to the master servicer or the subservicer for Advances and expenses, including attorneys' fees, towards interest and principal owing on the mortgage loan. This amount of loss realized is referred to in this prospectus supplement as Realized Losses.

The principal portion of any Realized Loss, other than a Debt Service Reduction, allocated to any class of Class M Certificates will be allocated in reduction of its Certificate Principal Balance, until the Certificate Principal Balance of that certificate has been reduced to zero. The interest portion of any Realized Loss, other than a Debt Service Reduction, allocated to any class of Class M Certificates will be allocated in reduction of its Accrued Certificate Interest for the related distribution date. In addition, any allocation of Realized Losses may be made by operation of the payment priority for the certificates set forth in this prospectus supplement.

In order to maximize the likelihood of distribution in full of amounts of interest and principal to be distributed to holders of the Class A Certificates, on each distribution date, holders of each class of Class A Certificates have a right to distributions of interest before distributions of interest to other classes of certificates and distributions of principal before distributions of principal to other classes of certificates. In addition, overcollateralization and the application of Excess Cash Flow will also increase the likelihood of distribution in full of amounts of interest and principal to the Class A Certificates on each distribution date.

The pooling and servicing agreement will not provide for the allocation of the principal portion of Realized Losses to the Class A Certificates. Although the principal portion of Realized Losses will not be allocated to the Class A Certificates, under certain loss scenarios, there will not be enough principal and interest on the mortgage loans to pay the Class A Certificates all interest and principal amounts to which they are then entitled. Upon the last payment on a mortgage loan included in the trust or the exercise of the optional termination, there may be insufficient amounts available to pay the Class A Certificates in full.

The priority of distributions among the Class M Certificates, as described in this prospectus supplement, also has the effect during certain periods, in the absence of losses, of decreasing the percentage interest evidenced by any class of Class M Certificates with a higher payment priority, thereby increasing, relative to its Certificate Principal Balance, the subordination afforded to such class of the Class M Certificates by overcollateralization and any class of Class M Certificates with a lower payment priority.

In addition, in instances in which a mortgage loan is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interest of the

certificateholders, the master servicer or subservicer may permit servicing modifications of the mortgage loan rather than proceeding with foreclosure, as described under "Description of the Certificates—Servicing and Administration of Mortgage Collateral" in the prospectus. However the master servicer's and subservicer's ability to perform servicing modifications will be subject to some limitations, including but not limited to the following. Advances and other amounts may be added to the outstanding principal balance of a mortgage loan only once during the life of a mortgage loan. Any amounts added to the principal balance of the mortgage loan, or capitalized amounts added to the mortgage loan, will be required to be fully amortized over the term of the mortgage loan. All capitalizations are to be implemented in accordance with Residential Funding Corporation's program guide and may be implemented only by subservicers that have been approved by the master servicer for that purpose. The final maturity of any mortgage loan shall not be extended beyond the assumed final distribution date. No servicing modification with respect to a mortgage loan will have the effect of reducing the mortgage rate below the lesser of (i) one-half of the mortgage rate as in effect on the cut-off date and (ii) the Expense Fee Rate. Further, the aggregate current principal balance of all mortgage loans subject to modifications can be no more than five percent (5%) of the aggregate principal balance of the mortgage loans as of the cut-off date, but this limit may increase from time to time with the consent of the rating agencies.

Advances

Prior to each distribution date, the master servicer is required to make Advances of payments which were due on the mortgage loans on the Due Date in the related Due Period and not received on the business day next preceding the related determination date.

These Advances are required to be made only to the extent they are deemed by the master servicer to be recoverable from related late collections, Insurance Proceeds, Liquidation Proceeds or amounts otherwise payable to the holders of the Class M Certificates. Recoverability is determined in the context of existing outstanding arrearages, the current loan-to-value ratio and an assessment of the fair market value of the related mortgaged property. The purpose of making these Advances is to maintain a regular cash flow to the certificateholders, rather than to guarantee or insure against losses. The master servicer will not be required to make any Advances with respect to reductions in the amount of the monthly payments on the mortgage loans due to Debt Service Reductions or the application of the Relief Act or similar legislation or regulations. Any failure by the master servicer to make an Advance as required under the pooling and servicing agreement will constitute an event of default thereunder, in which case the trustee, as successor master servicer, will be obligated to make any Advance, in accordance with the terms of the pooling and servicing agreement.

All Advances will be reimbursable to the master servicer on a first priority basis from late collections, Insurance Proceeds and Liquidation Proceeds from the mortgage loan as to which the unreimbursed Advance was made. In addition, any Advances previously made which are deemed by the master servicer to be nonrecoverable from related late collections, Insurance Proceeds and Liquidation Proceeds may be reimbursed to the master servicer out of any funds in the Custodial Account prior to distributions on the offered certificates.

The pooling and servicing agreement provides that the master servicer may enter into a facility with any person which provides that such person, or the advancing person, may directly

or indirectly fund Advances and/or Servicing Advances, although no such facility will reduce or otherwise affect the master servicer's obligation to fund these Advances and/or Servicing Advances. No facility will require the consent of the certificateholders or the trustee. Any Advances and/or Servicing Advances made by an advancing person would be reimbursed to the advancing person under the same provisions pursuant to which reimbursement would be made to the master servicer if those advances were funded by the master servicer, but on a priority basis in favor of the advancing person as opposed to the master servicer or any successor master servicer, and without being subject to any right of offset that the trustee or the trust might have against the master servicer or any successor master servicer.

Residual Interests

Holders of the Class R Certificates will be entitled to receive any residual cash flow from the mortgage pool, which is not expected to be significant, after all required payments have been made to the Class A Certificates, Class M Certificates and Class SB Certificates. The Class R Certificates will not be entitled to any payments unless the aggregate amount received by the issuing entity with respect to the mortgage loans exceeds the aggregate amount payable to the other certificateholders, which is highly unlikely. A holder of a Class R Certificate will not have a right to alter the structure of this transaction. The Class R Certificates may be retained by the depositor or transferred to any of its affiliates, subsidiaries of the sponsor or any other party.

Certain Yield and Prepayment Considerations

General

The yield to maturity on each class of offered certificates will be primarily affected by the following factors:

- the rate and timing of principal payments on the mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments among the various classes of offered certificates;
- the rate and timing of realized losses and interest shortfalls on the mortgage loans;
- the pass-through rate on the offered certificates, and fluctuations in One-Month LIBOR and MTA;
- allocations of Net Deferred Interest among the various classes of offered certificates;
- the purchase price paid for the offered certificates; and
- the timing of the exercise of any optional termination.

For additional considerations relating to the yields on the offered certificates, see "*Yield Considerations*" and "*Maturity and Prepayment Considerations*" in the prospectus.

Prepayment Considerations

The yields to maturity and the aggregate amount of distributions on each class of the offered certificates will be affected by the rate and timing of principal payments on the mortgage loans and the amount and timing of mortgagor defaults resulting in realized losses on the mortgage loans. The yields may be adversely affected by a higher or lower than anticipated rate of principal payments on the mortgage loans. The rate of principal payments on the mortgage loans will in turn be affected by the amortization schedules of the mortgage loans, the rate and timing of mortgagor prepayments on the mortgage loans, liquidations of defaulted mortgage loans and purchases of mortgage loans due to breaches of some representations and warranties. The timing of changes in the rate of prepayments, liquidations and purchases of the mortgage loans may, and the timing of realized losses on the mortgage loans will, significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In addition, the rate of prepayments of the mortgage loans and the yields to investors on the certificates may be affected by refinancing programs, which may include general or targeted solicitations, as described under "Maturity and Prepayment Considerations" in the prospectus. Since the rate and timing of principal payments on the mortgage loans will depend on future events and on a variety of factors, as described in this prospectus supplement and in the prospectus under "Yield Considerations" and "Maturity and Prepayment Considerations", no assurance can be given as to the rate or the timing of principal payments on the offered certificates.

The mortgage loans may be prepaid by the mortgagors at any time, although all of the mortgage loans provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment of those mortgage loans. See "*Description of the Mortgage Pool—Mortgage Pool Characteristics*" in this prospectus supplement. Prepayment charges with respect to the mortgage loans will not be available for distribution on the offered certificates. The Class SB Certificateholders shall receive the amount of any payments or collections in the nature of prepayment charges on the mortgage loans received by the master servicer in respect of the related due period.

Some state laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. It is possible that prepayment charges and late fees may not be collected even on mortgage loans that provide for the payment of these charges. In any case, these amounts will not be available for distribution on the offered certificates. See "*Certain Legal Aspects of Mortgage Loans and Contracts—Default Interest and Limitations on Prepayments*" in the prospectus.

Prepayments, liquidations and purchases of the mortgage loans will result in distributions to holders of the related offered certificates of principal amounts which would otherwise be distributed over the remaining terms of the mortgage loans. Factors affecting prepayment, including defaults and liquidations, of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment, mortgagors' net equity in the mortgaged properties, changes in the value of the mortgaged properties, mortgage market interest rates, solicitations and servicing decisions. In addition, if prevailing mortgage rates fell significantly below the mortgage rates on the mortgage loans, the rate of prepayments, including refinancings, would be expected to increase. Conversely, if prevailing mortgage rates rose significantly above the

mortgage rates on the mortgage loans, the rate of prepayments on the mortgage loans would be expected to decrease.

The rate of defaults on the mortgage loans will also affect the rate and timing of principal payments on the mortgage loans. In general, defaults on mortgage loans are expected to occur with greater frequency in their early years. As a result of the program criteria and underwriting standards applicable to the mortgage loans, the mortgage loans may experience rates of delinquency, foreclosure, bankruptcy and loss that are higher than those experienced by mortgage loans that satisfy the standards applied by Fannie Mae and Freddie Mac first mortgage loan purchase programs, or by Residential Funding for the purpose of acquiring mortgage loans to collateralize securities issued by Residential Funding Mortgage Securities I, Inc. For example, the rate of default on mortgage loans that are secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans made to borrowers with high debt-to-income ratios, and mortgage loans with high LTV ratios, may be higher than for other types of mortgage loans. See "*Description of the Mortgage Pool—The Program*" in this prospectus supplement. Furthermore, the rate and timing of prepayments, defaults and liquidations on the mortgage loans will be affected by the general economic condition of the region of the country in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. See "*Maturity and Prepayment Considerations*" in the prospectus.

The negative amortization feature of the mortgage loans may affect the yield on the certificates. As a result of the negative amortization of the mortgage loans, the outstanding principal balance of a mortgage loan will increase by the amount of Deferred Interest as described in this prospectus supplement. During periods in which the outstanding principal balance of a mortgage loan is increasing due to the addition of Deferred Interest, the increasing principal balance of the mortgage loan may approach or exceed the value of the related mortgaged property, thus increasing both the likelihood of defaults and the risk of loss on any mortgage loan that is required to be liquidated. Furthermore, each mortgage loan provides for the payment of any remaining unamortized principal balance of such mortgage loan (due to the addition of Deferred Interest, if any, to the principal balance of the mortgage loan) in a single payment at the maturity of the mortgage loan. Because the mortgagors may be so required to make a larger single payment upon maturity, it is possible that the default risk associated with the mortgage loans is greater than that associated with fully amortizing mortgage loans. The rate of Deferred Interest on the mortgage loans will also affect the rate of principal distributions on the certificates because unscheduled principal collections on the mortgage loans will be applied to cover Deferred Interest on the mortgage loans.

The rate and timing of principal prepayments relative to the rate and timing of the creation of Deferred Interest on the mortgage loans will also affect the yields to maturity on the classes of certificates. To the extent that there is Net Deferred Interest, it will be allocated as described in this prospectus supplement. Any allocation of Net Deferred Interest to a class of certificates will reduce the amount of interest distributable on that class. Although interest will thereafter accrue on the Net Deferred Interest so allocated, the increase in the related Certificate Principal Balance of a class of certificates may increase the weighted average life of the applicable class of certificates. Any increase in the weighted average life of the applicable class

of certificates may increase the risk that Realized Losses will be allocated to those classes of certificates. The amount of the Deferred Interest on the mortgage loans is offset by using full and partial principal prepayments to make distributions of current interest on the certificates. On any distribution date, to the extent that the aggregate Deferred Interest on the mortgage loans as of the related due date exceeds full and partial prepayments, such excess amounts will be deducted from the interest payable on the certificates and thereby cause a delay in the payment of Accrued Certificate Interest on the classes of certificates to which the Net Deferred Interest is allocated.

The mortgage loans typically are assumable under some circumstances if, in the sole judgment of the master servicer or the applicable subservicer, the prospective purchaser of a mortgaged property is creditworthy and the security for the mortgage loan is not impaired by the assumption.

Most of the mortgage loans contain due-on-sale clauses. The terms of the pooling and servicing agreement generally require the master servicer or any subservicer, as the case may be, to enforce any due-on-sale clause to the extent it has knowledge of the conveyance or the proposed conveyance of the underlying mortgaged property and to the extent permitted by applicable law, except that any enforcement action that would impair or threaten to impair any recovery under any related insurance policy will not be required or permitted.

Allocation of Principal Payments

The yields to maturity of the offered certificates will be affected by the allocation of principal distributions among the offered certificates and the extent of any Overcollateralization Reduction Amount. The offered certificates are subject to priorities for payment of principal as described in this prospectus supplement. Distributions of principal and the weighted average lives of classes having an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of those mortgage loans. The timing of commencement of principal distributions and the weighted average lives of the offered certificates with a later priority of payment will be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes. In addition, the rate and timing of principal distributions on and the weighted average lives of the offered certificates will be affected primarily by the rate and timing of principal payments, including prepayments, defaults, realized losses, liquidations and purchases, on the mortgage loans.

As described in this prospectus supplement, during certain periods all or a disproportionately large percentage of principal payments on the mortgage loans will be allocated among the Class A Certificates and, during certain periods, no principal distributions will be distributed to each class of Class M Certificates. Unless the Certificate Principal Balances of the Class A Certificates have been reduced to zero, the Class M Certificates will not be entitled to receive distributions of principal until the Stepdown Date. Furthermore, if a Trigger Event is in effect, the Class M Certificates will not be entitled to receive distributions in respect of principal until the aggregate Certificate Principal Balance of the Class A Certificates has been reduced to zero. To the extent that no principal distributions are distributed on the Class M Certificates, the subordination afforded the Class A Certificates by the Class M Certificates, together with the overcollateralization, in the absence of offsetting Realized Losses allocated thereto, will be increased, and the weighted average lives of the Class M Certificates will be extended.

As described under "Description of the Certificates—Allocation of Losses" and "—Advances," amounts otherwise distributable to holders of one or more classes of the Class M Certificates may be made available to protect the holders of the Class A Certificates and holders of any Class M Certificates with a higher payment priority against interruptions in distributions due to certain mortgagor delinquencies, to the extent not covered by Advances.

Such delinquencies may affect the yields to investors on such classes of the Class M Certificates, and, even if subsequently cured, may affect the timing of the receipt of distributions by the holders of such classes of Class M Certificates. In addition, a higher than expected rate of delinquencies or realized losses will also affect the rate of principal distributions on one or more classes of the Class M Certificates if delinquencies or realized losses cause a Trigger Event.

The yields to maturity of the offered certificates may also be affected to the extent any Excess Cash Flow is used to accelerate distributions of principal on the offered certificates and to the extent any Overcollateralization Reduction Amount is used to decelerate principal on the offered certificates. In addition, the amount of the Overcollateralization Increase Amount paid to the offered certificates on any payment date will be affected by, among other things, the level of delinquencies and realized losses on the mortgage loans, and the level of One-Month LIBOR and MTA. See "*Description of the Certificates—Excess Cash Flow and Overcollateralization*" in this prospectus supplement.

Certificates with Subordination Features: The yield to maturity on the class of Class M Certificates then outstanding with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because certain amounts of losses that are covered by subordination will be allocated to that class of Class M Certificates.

Realized Losses and Interest Shortfalls

The yield to maturity and the aggregate amount of distributions on each class of offered certificates will be affected by the timing of borrower defaults resulting in Realized Losses on the mortgage loans, to the extent such losses are not covered by credit support in the form of the Excess Cash Flow, overcollateralization or subordination provided to the Class A Certificates by the Class M Certificates, and, with respect to any Class M Certificates, by any Class M Certificates with a lower payment priority. Furthermore, as described in this prospectus supplement, the timing of receipt of principal and interest by the offered certificates may be adversely affected by losses or delinquencies on the mortgage loans if those losses or delinquencies result in a change in the Required Overcollateralization Amount.

The pooling and servicing agreement will not provide for the allocation of the principal portion of Realized Losses to the Class A Certificates. Although the principal portion of Realized Losses will not be allocated to the Class A Certificates, under certain loss scenarios, there will not be enough principal and interest on the mortgage loans to pay the Class A Certificates all interest and principal amounts to which they are then entitled and upon the last payment on a mortgage loan included in the trust or the exercise of the optional termination, there may be insufficient amounts available to pay the Class A Certificates in full.

The amount of interest otherwise payable to holders of the offered certificates will be reduced by any interest shortfalls on the mortgage loans to the extent not covered by the Eligible Master Servicing Compensation and Excess Cash Flow, in each case as described in this prospectus supplement. These shortfalls will not be offset by a reduction in the servicing fees payable to the master servicer or otherwise, except as described in this prospectus supplement with respect to Prepayment Interest Shortfalls. Prepayment Interest Shortfalls will only be covered by Eligible Master Servicing Compensation and Excess Cash Flow to the extent described in this prospectus supplement. Relief Act Shortfalls allocated to the offered certificates on a distribution date will only be covered to the extent of Excess Cash Flow available therefor on that distribution date in the manner described under "Description of the Certificates— Excess Cash Flow and Overcollateralization Provisions." Relief Act Shortfalls will not carry forward or be paid on other distribution dates. See "*Description of the Certificates—Interest Distributions*" in this prospectus supplement for a discussion of possible shortfalls in the collection of interest.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. While the depositor expects that the master servicer or applicable subservicer will be able to commence foreclosure proceedings on the mortgaged properties, when necessary and appropriate, public recording officers and others in the mortgage industry, however, may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings, defending litigation commenced by third parties and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to the certificateholders and increase the amount of Realized Losses on those mortgage loans. In addition, if, as a result of MERS discontinuing or becoming unable to continue operations in connection with the MERS® System, it becomes necessary to remove any mortgage loan from registration on the MERS® System and to arrange for the assignment of the related mortgages to the trustee, then any related expenses shall be reimbursable by the trust to the master servicer, which will reduce the amount available to pay principal of and interest on the outstanding class or classes of certificates with a Certificate Principal Balance greater than zero with the lowest payment priorities. For additional information regarding the recording of mortgages in the name of MERS see "*Description of the Certificates—Assignment of Trust Assets*" in the prospectus.

Pass-Through Rates

The yields to maturity on the offered certificates will be affected by their pass-through rates. The offered certificates may not always receive interest at a rate equal to One-Month LIBOR plus the related margin. If with respect to a class of offered certificates, the Net WAC Cap Rate is less than One-Month LIBOR plus the related margin, the pass-through rate on that class of certificates will be limited to the Net WAC Cap Rate. Thus, the yield to investors in the offered certificates will be sensitive to fluctuations in the level of One-Month LIBOR and will be adversely affected by the application of the Net WAC Cap Rate. Therefore, the prepayment of the mortgage loans with higher mortgage rates may result in a lower pass-through rate on the offered certificates. If on any distribution date the application of the Net WAC Cap Rate results in an interest payment lower than One-Month LIBOR plus the related Margin on any class of

offered certificates during the related Interest Accrual Period, the value of that class may be temporarily or permanently reduced.

Investors in the offered certificates should be aware that the mortgage loans have adjustable interest rates, in most cases after an initial fixed rate period, but their monthly payments and amortization schedules adjust annually and are subject to maximum interest rates and payment caps. Consequently, the interest that becomes due on the mortgage loans during the related Due Period may be less than interest that would accrue on the related offered certificates at the rate of One-Month LIBOR plus the related margin. In a rising interest rate environment, the offered certificates may receive interest at the Net WAC Cap Rate for a protracted period of time. In addition, in this situation, there would be little or no Excess Cash Flow to cover losses and to create additional overcollateralization. Moreover, because the initial mortgage rates on the mortgage loans may be lower than the related minimum mortgage rates, and will remain fixed for the initial fixed rate period, the Net WAC Cap Rate may initially be less than it will be once the mortgage loans have all adjusted to their fully-indexed rate. Therefore, prior to the month in which all of the mortgage loans have adjusted to their fully-indexed rate, there may be a greater risk that the Pass-Through Rate on any class of offered certificates may be limited by the Net WAC Cap Rate.

To the extent the Net WAC Cap Rate is paid on any class of the certificates, the difference between the Net WAC Cap Rate and the pass-through rate on such certificates will create a basis risk shortfall that will carry forward with interest thereon. These basis risk shortfalls will only be payable from applicable Excess Cash Flow or, with respect to the initial distribution date only, from distributions from the Basis Risk Shortfall Reserve Fund. Any remaining shortfall may remain unpaid on the optional termination date or the applicable final distribution date.

Purchase Price

In addition, the yield to maturity on each class of the offered certificates will depend on, among other things, the price paid by the holders of the offered certificates and the related pass-through rate. The extent to which the yield to maturity of an offered certificate is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a class of offered certificates is purchased at a premium and principal distributions thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. Conversely, if a class of offered certificates is purchased at a discount and principal distributions thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase.

Assumed Final Distribution Date

The assumed final distribution date with respect to each class of the offered certificates is the distribution date in March 2046, which is the distribution date in the month of the latest scheduled maturity date for any mortgage loan. No event of default, change in the priorities for distribution among the various classes or other provisions under the pooling and servicing agreement will arise or become applicable solely by reason of the failure to retire the entire

Certificate Principal Balance of any class of certificates on or before its assumed final distribution date.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in reduction of principal of the security. The weighted average life of the offered certificates will be influenced by, among other things, the rate at which principal of the mortgage loans is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model used in this prospectus supplement, CPR, represents a constant rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans. A 20% CPR assumes a constant prepayment rate of 20% per annum of the then outstanding principal balance of the mortgage loans. CPR does not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the mortgage loans in this mortgage pool.

The table captioned "Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR" has been prepared on the basis of assumptions as listed in this paragraph regarding the weighted average characteristics of the mortgage loans that are expected to be included in the trust as described under "Description of the Mortgage Pool" in this prospectus supplement and their performance. The table assumes, among other things, that: (i) as of the date of issuance of the offered certificates, the mortgage loans consist of the 35 following hypothetical mortgage loans:

Mortgage Loan Assumptions

Loan Number	Current Principal Balance ($)	Original Principal Balance ($)	Initial Principal and Interest Payment ($)	Original Mortgage Rate (%)	Current Mortgage Rate (%)	Current Net Mortgage Rate (%)	Original Term to Maturity (Months)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Gross Margin (%)	Months to Next Rate Adjustment Date	Rate Adjustment Frequency (Months)	Months to Next Payment Adjustment Date	Payment Adjustment Frequency (Months)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Maximum Negative Amortization (%)	Original Prepay Penalty Term (Months)
1 (1)	337,000.00	337,000.00	1,083.93	1.00000	1.00000	0.57500	360	360	360	2.85000	1	1	13	12	9.95000	2.85000	115	12
2 (1)	356,396.50	356,250.00	1,501.96	3.00000	7.72000	7.29500	360	358	358	3.15000	1	1	11	12	9.95000	3.15000	110	12
3 (1)	3,901,895.78	3,902,200.00	13,263.72	1.39078	7.73481	7.30981	360	358	358	3.16929	1	1	11	12	9.95000	3.16929	115	12
4 (1)	282,827.07	283,600.00	858.81	2.00000	2.00000	1.57500	480	478	478	3.50000	1	1	11	12	9.95000	3.50000	115	12
5 (1)	1,084,397.38	1,090,000.00	3,028.23	1.51293	7.75000	7.32500	480	479	479	3.16091	1	1	12	12	9.95000	3.16091	115	12
6 (1)	414,600.00	414,600.00	1,404.34	1.36590	1.36590	0.94090	360	360	360	3.18003	1	1	13	12	9.95000	3.18003	115	36
7 (1)	168,000.00	168,000.00	600.17	1.75000	1.75000	1.32500	360	360	360	2.92500	3	1	13	12	9.95000	2.92500	115	36
8 (1)	2,606,073.27	2,599,205.00	8,953.77	1.48667	7.55815	7.13315	360	357	357	2.95807	1	1	10	12	9.95000	2.95807	115	36
9 (1)	360,602.66	360,000.00	1,043.40	1.75000	7.75000	7.32500	360	358	478	3.15000	1	1	11	12	9.95000	3.15000	115	36
10 (1)	559,050.68	560,000.00	1,415.99	1.00000	7.75000	7.32500	480	479	479	3.15000	1	1	12	12	9.95000	3.15000	115	36
11 (2)	3,396,500.00	3,396,500.00	11,507.60	1.36770	1.36770	0.94270	360	360	360	3.27907	1	1	13	12	9.95000	3.27907	110	12
12 (2)	318,500.00	318,500.00	964.50	2.00000	2.00000	1.57500	360	360	480	3.35000	1	1	13	12	9.95000	3.35000	110	12
13 (2)	47,664,159.00	47,664,459.00	160,794.51	1.33687	1.33687	0.91187	360	360	360	3.29922	1	1	13	12	9.95000	3.29922	115	12
14 (2)	18,710,573.00	18,710,573.00	53,175.69	1.63959	1.63959	1.21459	360	360	480	3.23783	1	1	13	12	9.95000	3.23783	115	12
15 (2)	839,818.00	841,400.00	3,322.83	2.49608	2.49608	2.07108	360	359	359	3.54822	2	1	12	12	9.95000	3.54822	115	12
16 (2)	7,227,643.93	7,235,750.00	25,235.82	1.57573	6.80387	6.37887	360	358	358	3.07683	1	1	11	12	9.96688	3.07683	110	12
17 (2)	67,045,133.05	67,178,492.50	227,795.49	1.37365	6.93742	6.51242	360	359	359	3.21220	1	1	12	12	9.95000	3.21220	115	12
18 (2)	6,860,555.98	6,870,525.00	19,841.81	1.72975	7.00823	6.58323	360	359	479	3.28323	1	1	12	12	9.95000	3.28323	115	12
19 (2)	3,759,500.00	3,759,500.00	9,870.13	1.20244	1.20244	0.77744	480	480	480	3.39766	1	1	13	12	9.95000	3.39766	115	12
20 (2)	479,308.80	480,000.00	1,391.20	1.75000	1.75000	1.32500	480	479	479	3.67500	2	1	12	12	9.95000	3.67500	115	12
21 (2)	324,000.00	324,000.00	981.16	2.00000	2.00000	1.57500	480	480	480	3.92500	3	1	13	12	9.95000	3.92500	115	12
22 (2)	1,332,611.61	1,330,500.00	3,364.25	1.00000	7.12500	6.70000	480	478	478	3.40000	1	1	11	12	9.95000	3.40000	110	12
23 (2)	16,059,182.41	16,073,850.00	43,653.15	1.38740	7.05837	6.63337	480	479	479	3.33131	1	1	12	12	9.95000	3.33214	115	12
24 (2)	5,308,257.00	5,308,257.00	19,133.52	1.81523	1.81523	1.39023	360	360	360	3.34091	1	1	13	12	9.97382	3.34091	110	36
25 (2)	159,347,783.63	159,347,914.60	543,671.75	1.41771	1.41771	0.99271	360	360	360	3.28639	1	1	13	12	9.97068	3.28639	115	36
26 (2)	61,068,139.00	61,068,139.00	172,624.89	1.60947	1.60947	1.18447	360	360	480	3.26594	1	1	13	12	9.95000	3.26594	115	36
27 (2)	312,000.00	312,000.00	1,075.28	1.49000	1.49000	1.06500	360	360	360	3.57500	3	1	13	12	9.95000	3.57500	115	36

13-01262-mg Doc 23-4 Filed 04/02/13 Entered 04/02/13 19:09:56 Exhibit 3 Pg 79 of 117

Loan Number	Current Principal Balance ($)	Original Principal Balance ($)	Initial Principal and Interest Payment ($)	Original Mortgage Rate (%)	Current Mortgage Rate (%)	Current Net Mortgage Rate (%)	Original Term to Maturity (Months)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Gross Margin (%)	Months to Next Rate Adjustment Date	Rate Adjustment Frequency (Months)	Months to Next Payment Adjustment Date	Payment Adjustment Frequency (Months)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Maximum Negative Amortization (%)	OriginalPrepay Penalty Term (Months)
28 (2)	8,913,967.97	8,929,164.00	31,978.37	1.76816	7.22047	6.79547	360	359	359	3.43589	1	1	12	12	9.94944	3.43589	110	36
29 (2)	150,500,867.47	150,778,594.00	517,163.25	1.45563	7.08478	6.65978	360	359	359	3.30094	1	1	12	12	10.02155	3.30094	115	36
30 (2)	25,834,752.73	25,872,950.00	74,271.91	1.69586	7.20325	6.77825	360	359	479	3.40378	1	1	12	12	9.97733	3.40378	115	36
31 (2)	364,086.68	365,275.00	1,691.65	3.75000	7.25000	6.82500	360	356	356	3.45000	1	1	9	12	9.95000	3.45000	115	36
32 (2)	349,600.00	349,600.00	924.20	1.24000	1.24000	0.81500	480	480	480	3.70000	1	1	13	12	9.95000	3.70000	110	36
33 (2)	15,700,350.00	15,700,350.00	42,369.23	1.35256	1.35256	0.92756	480	480	480	3.34288	1	1	13	12	9.95000	3.34288	115	36
34 (2)	859,557.68	860,800.00	2,490.48	1.74000	7.39893	6.97393	480	479	479	3.59893	1	1	12	12	9.95000	3.59893	110	36
35 (2)	37,365,235.14	37,425,650.00	101,460.74	1.37769	7.15808	6.73308	480	479	479	3.36141	1	1	12	12	9.95257	3.36141	115	36

(1) Index for indicated loan is LIBOR
(2) Index for indicated loan is MTA

13-01262-mg Doc 23-4 Filed 04/02/13 Entered 04/02/13 19:09:56 Exhibit 3 Pg 80 of 117

(ii) none of the unaffiliated sellers, Residential Funding or the depositor will repurchase any mortgage loan, as described under "Mortgage Loan Program—Representations with Respect to Mortgage Loans" and "Description of the Certificates—Assignment of the Trust Assets" in the prospectus, and the master servicer does not exercise any option to purchase the mortgage loans and thereby cause a termination of the trust except as indicated in the footnotes;

(iii) there are no delinquencies or Realized Losses on the mortgage loans, and principal payments on the mortgage loans will be timely received together with prepayments, if any, at the respective constant percentages of CPR set forth in the table;

(iv) there is no Prepayment Interest Shortfall, Basis Risk Shortfall or any other interest shortfall in any month;

(v) payments on the certificates will be received on the 25th day of each month, commencing on April 25, 2006;

(vi) payments on the mortgage loans earn no reinvestment return;

(vii) there are no additional ongoing trust expenses payable out of the trust;

(viii) the certificates will be purchased on March 30, 2006;

(ix) One-Month LIBOR and LIBOR remain constant at 4.8181%;

(x) MTA remains constant at 3.888%;

(xi) the mortgage rate on each mortgage loan will be adjusted on each interest adjustment date (as necessary) to a rate equal to MTA or LIBOR plus the applicable note margin, subject to maximum lifetime mortgage rates, minimum mortgage rates and payment adjustment caps (as applicable); and

(xii) the scheduled monthly payment will be adjusted on the next payment adjustment date and annually thereafter (as necessary) to equal the fully amortizing payment described above (except in the case of Balloon Loans), subject to a 7.5% payment cap (with the exception of each fifth payment adjustment date).

Clauses (i) through (xii) above are collectively referred to as the structuring assumptions.

The actual characteristics and performance of the mortgage loans will differ from the assumptions used in constructing the tables below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the mortgage loans will prepay at a constant level of CPR until maturity or that all of the mortgage loans will prepay at the same level of CPR. Moreover, the diverse remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the tables at the various constant percentages of CPR specified, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed. Any difference between the assumptions and the actual characteristics and performance of the mortgage loans, or actual prepayment or loss experience, will affect the percentages of

initial Certificate Principal Balances outstanding over time and the weighted average lives of the classes of offered certificates.

In accordance with the foregoing discussion and assumptions, the following tables indicate the weighted average life of each class of offered certificates, and set forth the percentages of the initial Certificate Principal Balance of each class of offered certificates, that would be outstanding after each of the distribution dates at the various percentages of CPR shown.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

	Class A Certificates					Class M-1 Certificates				
Distribution Date	**10%**	**15%**	**20%**	**25%**	**40%**	**10%**	**15%**	**20%**	**25%**	**40%**
Initial Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
March 2007	92	87	81	75	59	100	100	100	100	100
March 2008	85	75	65	56	33	100	100	100	100	100
March 2009	78	65	52	42	17	100	100	100	100	100
March 2010	72	55	41	31	13	100	100	100	89	36
March 2011	64	46	33	24	8	100	100	93	68	22
March 2012	56	37	26	17	5	100	100	74	50	13
March 2013	49	33	21	14	3	100	71	46	30	0
March 2014	43	27	17	10	1	94	60	37	22	0
March 2015	38	23	13	7	1	83	50	29	16	0
March 2016	34	19	10	5	*	74	42	23	12	0
March 2017	30	16	8	4	0	65	35	18	7	0
March 2018	26	13	6	3	0	57	29	14	*	0
March 2019	23	11	5	2	0	50	24	11	0	0
March 2020	20	9	4	1	0	44	20	7	0	0
March 2021	18	7	3	1	0	39	16	1	0	0
March 2022	15	6	2	*	0	34	13	0	0	0
March 2023	13	5	2	*	0	29	11	0	0	0
March 2024	12	4	1	0	0	25	8	0	0	0
March 2025	10	3	1	0	0	22	3	0	0	0
March 2026	9	3	*	0	0	19	0	0	0	0
March 2027	7	2	*	0	0	16	0	0	0	0
March 2028	6	2	*	0	0	13	0	0	0	0
March 2029	5	1	0	0	0	11	0	0	0	0
March 2030	4	1	0	0	0	9	0	0	0	0
March 2031	3	*	0	0	0	4	0	0	0	0
March 2032	3	*	0	0	0	0	0	0	0	0
March 2033	2	*	0	0	0	0	0	0	0	0
March 2034	1	0	0	0	0	0	0	0	0	0
March 2035	1	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037	0	0	0	0	0	0	0	0	0	0
March 2038	0	0	0	0	0	0	0	0	0	0
March 2039	0	0	0	0	0	0	0	0	0	0
March 2040	0	0	0	0	0	0	0	0	0	0
March 2041	0	0	0	0	0	0	0	0	0	0
March 2042	0	0	0	0	0	0	0	0	0	0
March 2043	0	0	0	0	0	0	0	0	0	0
March 2044	0	0	0	0	0	0	0	0	0	0
March 2045	0	0	0	0	0	0	0	0	0	0
March 2046	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Maturity (in years)**	8.73	6.03	4.44	3.44	1.89	14.42	10.28	8.00	6.44	4.15
Weighted Average Life to Call (in years)***	8.31	5.63	4.12	3.18	1.74	13.70	9.65	7.51	6.04	3.87

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

*** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

	Class M-2 Certificates					Class M-3 Certificates				
Distribution Date	**10%**	**15%**	**20%**	**25%**	**40%**	**10%**	**15%**	**20%**	**25%**	**40%**
Initial Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
March 2007	100	100	100	100	100	100	100	100	100	100
March 2008	100	100	100	100	100	100	100	100	100	100
March 2009	100	100	100	100	100	100	100	100	100	100
March 2010	100	100	100	89	36	100	100	100	89	36
March 2011	100	100	93	68	22	100	100	93	68	22
March 2012	100	100	74	50	13	100	100	74	50	5
March 2013	100	71	46	30	0	100	71	46	30	0
March 2014	94	60	37	22	0	94	60	37	22	0
March 2015	83	50	29	16	0	83	50	29	16	0
March 2016	74	42	23	10	0	74	42	23	0	0
March 2017	65	35	18	0	0	65	35	18	0	0
March 2018	57	29	14	0	0	57	29	11	0	0
March 2019	50	24	6	0	0	50	24	0	0	0
March 2020	44	20	0	0	0	44	20	0	0	0
March 2021	39	16	0	0	0	39	16	0	0	0
March 2022	34	13	0	0	0	34	8	0	0	0
March 2023	29	7	0	0	0	29	0	0	0	0
March 2024	25	0	0	0	0	25	0	0	0	0
March 2025	22	0	0	0	0	22	0	0	0	0
March 2026	19	0	0	0	0	19	0	0	0	0
March 2027	16	0	0	0	0	16	0	0	0	0
March 2028	13	0	0	0	0	8	0	0	0	0
March 2029	7	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035	0	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037	0	0	0	0	0	0	0	0	0	0
March 2038	0	0	0	0	0	0	0	0	0	0
March 2039	0	0	0	0	0	0	0	0	0	0
March 2040	0	0	0	0	0	0	0	0	0	0
March 2041	0	0	0	0	0	0	0	0	0	0
March 2042	0	0	0	0	0	0	0	0	0	0
March 2043	0	0	0	0	0	0	0	0	0	0
March 2044	0	0	0	0	0	0	0	0	0	0
March 2045	0	0	0	0	0	0	0	0	0	0
March 2046	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Maturity (in years)**	14.26	10.12	7.87	6.34	4.05	14.12	9.99	7.77	6.25	4.01
Weighted Average Life to Call (in years)***	13.70	9.65	7.50	6.04	3.83	13.70	9.64	7.50	6.03	3.79

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

*** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

	Class M-4 Certificates					Class M-5 Certificates				
Distribution Date	**10%**	**15%**	**20%**	**25%**	**40%**	**10%**	**15%**	**20%**	**25%**	**40%**
Initial Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
March 2007	100	100	100	100	100	100	100	100	100	100
March 2008	100	100	100	100	100	100	100	100	100	100
March 2009	100	100	100	100	100	100	100	100	100	100
March 2010	100	100	100	89	36	100	100	100	89	36
March 2011	100	100	93	68	22	100	100	93	68	22
March 2012	100	100	74	50	0	100	100	74	50	0
March 2013	100	71	46	30	0	100	71	46	30	0
March 2014	94	60	37	22	0	94	60	37	22	0
March 2015	83	50	29	13	0	83	50	29	0	0
March 2016	74	42	23	0	0	74	42	23	0	0
March 2017	65	35	18	0	0	65	35	7	0	0
March 2018	57	29	0	0	0	57	29	0	0	0
March 2019	50	24	0	0	0	50	24	0	0	0
March 2020	44	20	0	0	0	44	19	0	0	0
March 2021	39	15	0	0	0	39	0	0	0	0
March 2022	34	0	0	0	0	34	0	0	0	0
March 2023	29	0	0	0	0	29	0	0	0	0
March 2024	25	0	0	0	0	25	0	0	0	0
March 2025	22	0	0	0	0	22	0	0	0	0
March 2026	19	0	0	0	0	12	0	0	0	0
March 2027	12	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035	0	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037	0	0	0	0	0	0	0	0	0	0
March 2038	0	0	0	0	0	0	0	0	0	0
March 2039	0	0	0	0	0	0	0	0	0	0
March 2040	0	0	0	0	0	0	0	0	0	0
March 2041	0	0	0	0	0	0	0	0	0	0
March 2042	0	0	0	0	0	0	0	0	0	0
March 2043	0	0	0	0	0	0	0	0	0	0
March 2044	0	0	0	0	0	0	0	0	0	0
March 2045	0	0	0	0	0	0	0	0	0	0
March 2046	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Maturity (in years)**	14.00	9.87	7.67	6.18	3.97	13.82	9.73	7.56	6.09	3.91
Weighted Average Life to Call (in years)***	13.70	9.63	7.49	6.03	3.79	13.70	9.63	7.49	6.03	3.79

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

*** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

	Class M-6 Certificates					Class M-7 Certificates				
Distribution Date	**10%**	**15%**	**20%**	**25%**	**40%**	**10%**	**15%**	**20%**	**25%**	**40%**
Initial Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
March 2007	100	100	100	100	100	100	100	100	100	100
March 2008	100	100	100	100	100	100	100	100	100	100
March 2009	100	100	100	100	100	100	100	100	100	100
March 2010	100	100	100	89	36	100	100	100	89	33
March 2011	100	100	93	68	11	100	100	93	68	0
March 2012	100	100	74	50	0	100	100	74	50	0
March 2013	100	71	46	30	0	100	71	46	13	0
March 2014	94	60	37	9	0	94	60	33	0	0
March 2015	83	50	29	0	0	83	50	11	0	0
March 2016	74	42	13	0	0	74	42	0	0	0
March 2017	65	35	0	0	0	65	28	0	0	0
March 2018	57	29	0	0	0	57	11	0	0	0
March 2019	50	20	0	0	0	50	0	0	0	0
March 2020	44	0	0	0	0	44	0	0	0	0
March 2021	39	0	0	0	0	39	0	0	0	0
March 2022	34	0	0	0	0	25	0	0	0	0
March 2023	29	0	0	0	0	12	0	0	0	0
March 2024	25	0	0	0	0	1	0	0	0	0
March 2025	9	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0
March 2028	0	0	0	0	0	0	0	0	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
March 2030	0	0	0	0	0	0	0	0	0	0
March 2031	0	0	0	0	0	0	0	0	0	0
March 2032	0	0	0	0	0	0	0	0	0	0
March 2033	0	0	0	0	0	0	0	0	0	0
March 2034	0	0	0	0	0	0	0	0	0	0
March 2035	0	0	0	0	0	0	0	0	0	0
March 2036	0	0	0	0	0	0	0	0	0	0
March 2037	0	0	0	0	0	0	0	0	0	0
March 2038	0	0	0	0	0	0	0	0	0	0
March 2039	0	0	0	0	0	0	0	0	0	0
March 2040	0	0	0	0	0	0	0	0	0	0
March 2041	0	0	0	0	0	0	0	0	0	0
March 2042	0	0	0	0	0	0	0	0	0	0
March 2043	0	0	0	0	0	0	0	0	0	0
March 2044	0	0	0	0	0	0	0	0	0	0
March 2045	0	0	0	0	0	0	0	0	0	0
March 2046	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Maturity (in years)**	13.56	9.51	7.39	5.95	3.82	12.97	9.05	7.04	5.68	3.63
Weighted Average Life to Call (in years)***	13.56	9.51	7.39	5.95	3.78	12.97	9.05	7.04	5.68	3.63

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

*** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

	Class M-8 Certificates				
Distribution Date	**10%**	**15%**	**20%**	**25%**	**40%**
Initial Percentage	100%	100%	100%	100%	100%
March 2007	100	100	100	100	100
March 2008	100	100	100	100	100
March 2009	100	100	100	100	100
March 2010	100	100	100	89	0
March 2011	100	100	93	68	0
March 2012	100	100	74	30	0
March 2013	100	71	21	0	0
March 2014	94	55	0	0	0
March 2015	83	29	0	0	0
March 2016	74	8	0	0	0
March 2017	65	0	0	0	0
March 2018	49	0	0	0	0
March 2019	31	0	0	0	0
March 2020	15	0	0	0	0
March 2021	*	0	0	0	0
March 2022	0	0	0	0	0
March 2023	0	0	0	0	0
March 2024	0	0	0	0	0
March 2025	0	0	0	0	0
March 2026	0	0	0	0	0
March 2027	0	0	0	0	0
March 2028	0	0	0	0	0
March 2029	0	0	0	0	0
March 2030	0	0	0	0	0
March 2031	0	0	0	0	0
March 2032	0	0	0	0	0
March 2033	0	0	0	0	0
March 2034	0	0	0	0	0
March 2035	0	0	0	0	0
March 2036	0	0	0	0	0
March 2037	0	0	0	0	0
March 2038	0	0	0	0	0
March 2039	0	0	0	0	0
March 2040	0	0	0	0	0
March 2041	0	0	0	0	0
March 2042	0	0	0	0	0
March 2043	0	0	0	0	0
March 2044	0	0	0	0	0
March 2045	0	0	0	0	0
March 2046	0	0	0	0	0
Weighted Average Life to Maturity (in years)**	11.65	8.08	6.30	5.30	3.27
Weighted Average Life to Call (in years)***	11.65	8.08	6.30	5.30	3.27

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

*** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Pooling and Servicing Agreement

General

The certificates will be issued under a series supplement, dated as of March 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, together referred to as the pooling and servicing agreement, among the depositor, the master servicer, and Deutsche Bank Trust Company Americas, as trustee. Reference is made to the prospectus for important information in addition to that described herein regarding the terms and conditions of the pooling and servicing agreement and the offered certificates. The Trustee, or any of its affiliates, in its individual capacity or any other capacity, may become the owner or pledgee of certificates with the same rights as it would have if it were not trustee.

The offered certificates will be transferable and exchangeable at the corporate trust office of the trustee, which will serve as certificate registrar and paying agent. The depositor will provide a prospective or actual certificateholder without charge, on written request, a copy, without exhibits, of the pooling and servicing agreement. Requests should be addressed to the President, Residential Accredit Loans, Inc., 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. In addition to the circumstances described in the prospectus, the depositor may terminate the trustee for cause under specified circumstances. See "*The Pooling and Servicing Agreement—The Trustee*" in the prospectus.

Custodial Arrangements

The trustee will appoint Wells Fargo Bank, N.A., to serve as custodian of the mortgage loans. The custodian is not an affiliate of the depositor, the master servicer or the sponsor. No servicer will have custodial responsibility for the mortgage loans. The custodian will maintain mortgage loan files that contain originals of the notes, mortgages, assignments and allonges in vaults located at the sponsor's premises in Minnesota. Only the custodian has access to these vaults. A shelving and filing system segregates the files relating to the mortgage loans from other assets serviced by the master servicer.

The Master Servicer and Subservicer

Master Servicer. The master servicer, an affiliate of the depositor, will be responsible for master servicing the mortgage loans. Master servicing responsibilities include:

- receiving funds from subservicers;
- reconciling servicing activity with respect to the mortgage loans;
- calculating remittance amounts to certificateholders;
- sending remittances to the trustee for distributions to certificateholders;
- investor and tax reporting;
- coordinating loan repurchases;
- oversight of all servicing activity, including subservicers;
- following up with subservicers with respect to mortgage loans that are delinquent or for which servicing decisions may need to be made;
- approval of loss mitigation strategies;

- management and liquidation of mortgaged properties acquired by foreclosure or deed in lieu of foreclosure; and
- providing certain notices and other responsibilities as detailed in the pooling and servicing agreement.

The master servicer may, from time to time, outsource certain of its servicing functions, such as foreclosure management, although any such outsourcing will not relieve the master servicer of any of its responsibilities or liabilities under the pooling and servicing agreement.

For a general description of the master servicer and its activities, see "*Sponsor and Master Servicer*" in this prospectus supplement. For a general description of material terms relating to the master servicer's removal or replacement, see "*The Pooling and Servicing Agreement Rights Upon Event of Default*" in the prospectus.

Subservicer Responsibilities. Subservicers are generally responsible for the following duties:

- communicating with borrowers;
- sending monthly remittance statements to borrowers;
- collecting payments from borrowers;
- recommending a loss mitigation strategy for borrowers who have defaulted on their loans (i.e. repayment plan, modification, foreclosure, etc.);
- accurate and timely accounting, reporting and remittance of the principal and interest portions of monthly installment payments to the master servicer, together with any other sums paid by borrowers that are required to be remitted;
- accurate and timely accounting and administration of escrow and impound accounts, if applicable;
- accurate and timely reporting of negative amortization amounts, if any;
- paying escrows for borrowers, if applicable;
- calculating and reporting payoffs and liquidations;
- maintaining an individual file for each loan; and
- maintaining primary mortgage insurance commitments or certificates if required, and filing any primary mortgage insurance claims.

Homecomings Financial Network, Inc. Homecomings will subservice all of the mortgage loans pursuant to the terms of a subservicing agreement with the master servicer. The subservicing agreement provides that Homecomings will provide all of the services described in the preceding paragraph. Homecomings is a Delaware corporation and has been servicing mortgage loans secured by first liens on one-to four-family residential properties since 1996. Homecomings was incorporated as a wholly-owned subsidiary of Residential Funding Corporation in 1995 to service and originate mortgage loans. In 1996, Homecomings acquired American Custody Corporation to begin servicing subprime mortgage loans, and in 1999 Homecomings acquired Capstead Inc. to focus on servicing prime loans such as the mortgage loans described herein. After Capstead Inc. was acquired, Homecomings' total servicing portfolio was 164,000 loans with an aggregate principal balance of $25 billion with 20% being subprime. The three servicing locations were integrated onto one servicing system/platform by the end of 2001 becoming one of the first servicing operations to service all loan products on one servicing system. The operations of each of the acquired companies have been integrated into

Homecomings' servicing operations. Approximately 85% of the mortgage loans currently master serviced by Residential Funding Corporation are subserviced by Homecomings. As of December 31, 2005, Homecomings serviced approximately 782,000 mortgage loans with an aggregate principal balance of approximately $104 billion. In addition to servicing mortgage loans secured by first liens on one-to-four family residential properties, Homecomings services mortgage loans secured by more junior second liens on residential properties, and mortgage loans made to borrowers with imperfect credit histories, and subprime mortgage loans. Homecomings also performs special servicing functions where the servicing responsibilities with respect to delinquent mortgage loans that have been serviced by third parties is transferred to Homecomings. Homecomings' servicing activities have included the activities specified above under "—Subservicer responsibilities".

Homecomings may, from time to time, outsource certain of its subservicing functions, such as contacting delinquent borrowers, property tax administration and hazard insurance administration, although any such outsourcing will not relieve Homecomings of any of its responsibilities or liabilities as a subservicer. If Homecomings engages any subservicer to subservice 10% or more of the mortgage loans, or any subservicer performs the types of services requiring additional disclosures, the issuing entity will file a Report on Form 8-K providing any required additional disclosure regarding such subservicer.

The following table sets forth the aggregate principal amount of mortgage loans serviced by Homecomings for the past five years. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Homecomings Servicing Portfolio

First Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$25,532,458,680	$27,343,774,000	$29,954,139,212	$31,943,811,060	$44,570,851,126
Non-Prime Mortgages(2)	$17,039,860,699	$27,384,763,000	$39,586,900,679	$44,918,413,591	$52,102,835,214
Total	$42,572,319,379	$54,728,537,000	$69,541,039,891	$76,862,224,651	$96,673,686,340
Prime Mortgages(1)	59.97%	49.96%	43.07%	41.56%	46.10%
Non-Prime Mortgages(2)	40.03%	50.04%	56.93%	58.44%	53.90%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(6.30)%	7.09%	9.55%	6.64%	39.53%
Non-Prime Mortgages(2)	56.49%	60.71%	44.56%	13.47%	15.99%
Total	11.62%	28.55%	27.07%	10.53%	25.78%

Junior Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$8,024,136,313	$7,627,424,000	$7,402,626,296	$7,569,300,685	$7,442,264,087
Non-Prime Mortgages(2)	-	-	-	-	-
Total	$8,024,136,313	$7,627,424,000	$7,402,626,296	$7,569,300,685	$7,442,264,087
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	N/A	(4.94)%	(2.95)%	2.25%	(1.68)%
Non-Prime Mortgages(2)	N/A	-	-	-	-
Total	N/A	(4.94)%	(2.95)%	2.25%	(1.68)%

First Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	133,632	125,209	143,645	150,297	187,773
Non-Prime Mortgages(2)	168,185	257,077	341,190	373,473	394,776
Total	301,817	382,286	484,835	523,770	582,549
Prime Mortgages(1)	44.28%	32.75%	29.63%	28.70%	32.23%
Non-Prime Mortgages(2)	55.72%	67.25%	70.37%	71.30%	67.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(9.85)%	(6.30)%	14.72%	4.63%	24.93%
Non-Prime Mortgages(2)	38.47%	52.85%	32.72%	9.46%	5.70%
Total	11.91%	26.66%	26.83%	8.03%	11.22%

Junior Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	228,946	217,031	211,585	210,778	199,600
Non-Prime Mortgages(2)	-	-	-	-	-
Total	228,946	217,031	211,585	210,778	199,600
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	N/A	(5.20)%	(2.51)%	(0.38)%	(5.30)%
Non-Prime Mortgages(2)	N/A	-	-	-	-
Total	N/A	(5.20)%	(2.51)%	(0.38)%	(5.30)%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans—Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

Servicing and Other Compensation and Payment of Expenses

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan. The servicing fees relating to each mortgage loan will be 0.425% per annum of the outstanding principal balance of that mortgage loan. The servicing fees consist of (a) servicing compensation payable to the master servicer in respect of its master servicing activities and (b) subservicing and other related compensation payable to the subservicer, including such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

The primary compensation to be paid to the master servicer for its master servicing activities will be its servicing fee equal to 0.05% per annum of the outstanding principal balance of each mortgage loan. As described in the prospectus, a subservicer is entitled to servicing compensation in an amount equal to 0.375% per annum of the outstanding principal balance of each mortgage loan serviced by it. The master servicer is obligated to pay some ongoing expenses associated with the trust and incurred by the master servicer in connection with its responsibilities under the pooling and servicing agreement. The master servicing fee rate may be changed if a successor master servicer is appointed, but it will not exceed the rate currently paid to the master servicer. See "*The Pooling and Servicing Agreement—Servicing Compensation and Payment of Expenses*" in the prospectus for information regarding other possible compensation to the master servicer and subservicers and for information regarding expenses payable by the master servicer.

The following table sets forth the fees and expenses that are payable out of payments on the mortgage loans, prior to payments of interest and principal to the certificateholders:

Description	Amount	Receiving Party
Master Servicer Fee	0.05% per annum of the principal balance of each mortgage loan.	Master Servicer
Subservicer Fee	0.375% per annum of the principal balance of each mortgage loan serviced by a subservicer.	Subservicers

In addition, the Master Servicer or any applicable Subservicer may recover from payments on the mortgage loans or withdraw from the Custodial Account the amount of any Advances and Servicing Advances previously made, interest and investment income, foreclosure profits, indemnification payments payable under the pooling and servicing agreement, and certain other servicing expenses, including foreclosure expenses.

Reports to Certificateholders

On each distribution date, a distribution date statement will be made available to each certificateholder setting forth certain information with respect to the composition of the payment being made, the Certificate Principal Balance of an individual certificate following the payment and certain other information relating to the certificates and the mortgage loans. The trustee will make the distribution date statement and, at its option, any additional files containing the same

information in an alternative format, available each month to certificateholders and other parties to the pooling and servicing agreement via the trustee's internet website, at www.tss.db.com/invr. For purposes of any electronic version of this prospectus supplement, the preceding uniform resource locator, or URL, is an inactive textual reference only. The depositor has taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus supplement was created. In addition, for so long as the issuing entity is required to file reports with the Commission under the Securities Exchange Act of 1934, the issuing entity's annual report on Form 10-K, distribution reports on Form 10-D, current reports on Form 8-K and amendments to those reports will be made available on such website as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Commission. See also "*Pooling and Servicing Agreement – Reports to Certificateholders*" in the prospectus for a more detailed description of certificateholder reports.

Voting Rights

There are actions specified in the prospectus that may be taken by holders of certificates evidencing a specified percentage of all undivided interests in the trust and may be taken by holders of certificates entitled in the aggregate to that percentage of the voting rights. 98% of all voting rights will be allocated among all holders of the offered certificates in proportion to their then outstanding Certificate Principal Balances, 1% of all voting rights will be allocated to the holders of the Class SB Certificates in proportion to their then outstanding Certificate Principal Balances, and 1% of all voting rights will be allocated to holders of the Class R Certificates. The pooling and servicing agreement may be amended without the consent of the holders of the Residual Certificates in specified circumstances.

Termination

The circumstances under which the obligations created by the pooling and servicing agreement will terminate relating to the offered certificates are described under "The Pooling and Servicing Agreement —Termination; Retirement of Certificates" in the prospectus. The master servicer will have the option, on any distribution date on which the aggregate Stated Principal Balance of the mortgage loans is less than 10% of the aggregate principal balance of the mortgage loans as of the cut-off date, either to purchase all remaining mortgage loans and other assets in the trust, thereby effecting early retirement of the offered certificates or to purchase, in whole but not in part, the certificates. Any such purchase of mortgage loans and other assets of the trust shall be made at a price equal to the sum of (a) 100% of the unpaid principal balance of each mortgage loan or the fair market value of the related underlying mortgaged properties with respect to defaulted mortgage loans as to which title to such mortgaged properties has been acquired if such fair market value is less than such unpaid principal balance, net of any unreimbursed Advance attributable to principal, as of the date of repurchase plus (b) accrued interest thereon at the Net Mortgage Rate to, but not including, the first day of the month in which the repurchase price is distributed. The optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding as seller of the mortgage loans, under the terms of the agreement pursuant to which Residential Funding sold the mortgage loans to the depositor, that remain unpaid on the date of the optional termination.

Distributions on the certificates relating to any optional termination will be paid, first, to the Class A Certificates, second, to the Class M Certificates in the order of their payment priority and, third, to the Class SB Certificates and the Class R Certificates. The proceeds of any such

distribution may not be sufficient to distribute the full amount to each class of certificates if the purchase price is based in part on the fair market value of the underlying mortgaged property and the fair market value is less than 100% of the unpaid principal balance of the related mortgage loan. Any such purchase of the certificates will be made at a price equal to 100% of their Certificate Principal Balance plus the Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate and any previously unpaid Accrued Certificate Interest. Promptly after the purchase of such certificates, the master servicer shall terminate the trust in accordance with the terms of the pooling and servicing agreement.

Upon presentation and surrender of the offered certificates in connection with the termination of the trust or a purchase of certificates under the circumstances described in the two preceding paragraphs, the holders of the offered certificates will be entitled to receive an amount equal to the Certificate Principal Balance of that class plus Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate, plus any previously unpaid Accrued Certificate Interest and any Prepayment Interest Shortfalls. The offered certificates will not, however, receive the amount of any Basis Risk Shortfall or Basis Risk Shortfall Carry Forward Amount in connection with any such purchase of the offered certificates by the master servicer. In addition, distributions to the holders of the most subordinate class of certificates outstanding with a Certificate Principal Balance greater than zero will be reduced, as described in the preceding paragraph, in the case of the termination of the trust resulting from a purchase of all the assets of the trust.

The Trustee

Deutsche Bank Trust Company Americas ("DBTCA") is the Trustee. DBTCA is a New York banking corporation. DBTCA has acted as trustee on numerous residential mortgage-backed securities transactions. While the structure of the transactions referred to in the preceding sentence may differ among these transactions, DBTCA is experienced in administering transactions of this kind. DBTCA has no pending legal proceedings that would materially affect its ability to perform its duties as trustee on behalf of the holders of the certificates.

DBTCA has provided trustee and custodial services on mortgaged-backed transactions since 1991 and has acted as trustee on over 2,000 mortgage-backed transactions. In 2005, Deutsche Bank acted as trustee in over 350 combined new asset-backed and mortgage-backed transactions involving the aggregate issuance of over 300 billion dollars in securities.

DBTCA is providing the foregoing information at the issuing entity's and depositor's request in order to assist the issuing entity and depositor with the preparation of their disclosure documents to be filed with the SEC pursuant to Regulation AB. Otherwise, DBTCA has not participated in the preparation of such disclosure documents and assumes no responsibility for their contents.

Unless an event of default has occurred and is continuing under the pooling and servicing agreement, the trustee will perform only such duties as are specifically set forth in the pooling and servicing agreement. If an event of default occurs and is continuing under the pooling and servicing agreement, the trustee is required to exercise such of the rights and powers vested in it by the pooling and servicing agreement, such as either acting as the master servicer or appointing

a successor master servicer, and use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs. Subject to certain qualifications specified in the pooling and servicing agreement, the trustee will be liable for its own negligent action, its own negligent failure to act and its own willful misconduct for actions.

The trustee's duties and responsibilities under the pooling and servicing agreement include collecting funds from the master servicer to distribute to certificateholders at the direction of the master servicer, providing certificateholders and applicable rating agencies with monthly distribution statements and notices of the occurrence of a default under the pooling and servicing agreement, removing the master servicer as a result of any such default, appointing a successor master servicer, and effecting any optional termination of the trust.

The master servicer will pay to the trustee reasonable compensation for its services and reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith. The master servicer has also agreed to indemnify the trustee for any losses and expenses incurred without negligence or willful misconduct on the trustee's part arising out of the acceptance and administration of the trust.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

Any costs associated with removing and replacing a trustee will be paid by the master servicer.

Legal Proceedings

There are no material pending legal or other proceedings involving the mortgage loans or Residential Funding Corporation, as sponsor and master servicer, Residential Accredit Loans, Inc. as depositor, RALI Series 2006-QO3 Trust as the issuing entity, Homecomings, as subservicer, or any other parties described in Item 1117 of Regulation AB that, individually or in the aggregate, would have a material adverse impact on investors in these certificates.

Residential Funding and Homecomings are currently parties to various legal proceedings arising from time to time in the ordinary course of their businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Residential Funding and Homecomings that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on their ability to perform their obligations in relation to the mortgage loans. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate, would not have a material adverse impact on Residential Funding or Homecomings. Any such unfavorable outcome could adversely affect the ability of Residential Funding Corporation or Homecomings to perform its servicing duties with respect to the mortgage loans and potentially lead to the replacement of Residential Funding or Homecomings with a successor servicer.

Material Federal Income Tax Consequences

Upon the issuance of the certificates, Orrick, Herrington & Sutcliffe LLP, counsel to the depositor, will render an opinion to the effect that, assuming compliance with all provisions of the pooling and servicing agreement, for federal income tax purposes, the trust (exclusive of any basis risk shortfall reserve fund) will qualify as two REMICs under the Internal Revenue Code, which shall be referred to in this prospectus supplement as REMIC I and REMIC II.

For federal income tax purposes:

- the Class R-I Certificates will constitute the sole class of "residual interests" in REMIC I;
- each class of offered certificates and the Class SB Certificates will represent ownership of "regular interests" in REMIC II, will generally be treated as debt instruments of REMIC II and will also represent the right to receive payments in respect of basis risk shortfall amounts; and
- the Class R-II Certificates will constitute the sole class of "residual interests" in REMIC II.

See "*Material Federal Income Tax Consequences—REMICs*" in the prospectus.

For federal income tax purposes, the offered certificates may be treated as having been issued with original issue discount. The prepayment assumption that will be used in determining the rate of accrual of market discount and premium, if any, for federal income tax purposes will be based on the assumption that subsequent to the date of any determination the mortgage loans will prepay at a rate equal to 20% CPR. No representation is made that the mortgage loans will prepay at those rates or at any other rate. See "*Material Federal Income Tax Consequences—*

General" and "*—REMICs—Taxation of Owners of REMIC Regular Certificates—Original Issue Discount*" in the prospectus.

The holders of the offered certificates will be required to include in income interest on their certificates in accordance with the accrual method of accounting.

If the method for computing original issue discount described in the prospectus results in a negative amount for any period with respect to a certificateholder, the amount of original issue discount allocable to that period would be zero and the certificateholder will be permitted to offset that negative amount only against future original issue discount, if any, attributable to those certificates.

In some circumstances the OID regulations permit the holder of a debt instrument to recognize original issue discount under a method that differs from that used by the issuing entity. Accordingly, it is possible that the holder of a certificate may be able to select a method for recognizing original issue discount that differs from that used by the master servicer in preparing reports to the certificateholders and the Internal Revenue Service, or IRS.

Certain classes of offered certificates may be treated for federal income tax purposes as having been issued at a premium. Whether any holder of one of those classes of certificates will be treated as holding a certificate with amortizable bond premium will depend on the certificateholder's purchase price and the distributions remaining to be made on the certificate at the time of its acquisition by the certificateholder. The use of a zero prepayment assumption may be required in calculating the amortization of premium. Holders of those classes of certificates are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium. See "*Material Federal Income Tax Consequences—REMICs—Taxation of Owners of REMIC Regular Certificates*" and "*—Premium*" in the prospectus.

The IRS has issued the OID Regulations under sections 1271 to 1275 of the Internal Revenue Code generally addressing the treatment of debt instruments issued with original issue discount. Purchasers of the offered certificates should be aware that Section 1272(a)(6) of the Internal Revenue Code and the OID Regulations do not adequately address some issues relevant to, or applicable to, prepayable securities bearing an adjustable rate of interest such as the offered certificates. In the absence of other authority, the master servicer intends to be guided by certain principles of the OID Regulations applicable to adjustable rate debt instruments in determining whether such certificates should be treated as issued with original issue discount and in adapting the provisions of Section 1272(a)(6) of the Internal Revenue Code to such certificates for the purpose of preparing reports furnished to certificateholders and the IRS. Because of the uncertainties concerning the application of Section 1272(a)(6) of the Internal Revenue Code to such certificates and because the rules relating to debt instruments having an adjustable rate of interest are limited in their application in ways that could preclude their application to such certificates even in the absence of Section 1272(a)(6) of the Internal Revenue Code, the IRS could assert that the offered certificates should be governed by some other method not yet set forth in regulations or should be treated as having been issued with original issue discount. Prospective purchasers of the offered certificates are advised to consult their tax advisors concerning the tax treatment of such certificates.

Each holder of an offered certificate is deemed to own an undivided beneficial ownership interest in a REMIC regular interest and a right to receive payments with respect to Basis Risk Shortfall Carry Forward Amounts. The treatment of amounts received by an offered certificateholder under such certificateholder's right to receive payments of Basis Risk Shortfall Carry Forward Amounts will depend on the portion, if any, of such offered certificateholder's purchase price allocable thereto. Under the REMIC regulations, each holder of an offered certificate must allocate its purchase price for that certificate between its undivided interest in the REMIC regular interest and its undivided interest in the right to receive certain payments with respect to Basis Risk Shortfall Carry Forward Amounts in accordance with the relative fair market values of each property right. Such allocations will be used for, among other things, purposes of computing any original issue discount, market discount or premium, as well as for determining gain or loss upon disposition. It is intended that certain payments made to the holders of the offered certificates with respect to Basis Risk Shortfall Carry Forward Amounts be treated as includible in income based on, and the purchase price allocated to the right to receive those payments may be amortized in accordance with, the tax regulations relating to notional principal contracts. In the case of non-corporate holders of the offered certificates, the amortization of the purchase price may be subject to limitations as an itemized deduction, and may not be useable at all if the taxpayer is subject to the alternative minimum tax. However, regulations have recently been proposed that modify the taxation of notional principal contracts that contain contingent nonperiodic payments. As the application of such regulations (i.e., whether they apply, and if so, how they apply) are, at this time, unclear, holders of the offered certificates are encouraged to consult with their own tax advisors with respect to the proper treatment of their interest in the reserve fund. The OID regulations provide that the trust's determination of the issue price of the REMIC regular interest is binding on all holders unless the holder explicitly discloses on its tax return that its allocation is different from the trust's allocation.

Under the REMIC regulations, the master servicer is required to account for the REMIC regular interest and the right to receive payments with respect to Basis Risk Shortfall Carry Forward Amounts as discrete property rights. It is possible that the right to receive payments with respect to Basis Risk Shortfall Carry Forward Amounts could be treated as a partnership among the holders of the offered certificates and Class SB Certificates, in which case holders of the offered certificates would be subject to potentially different timing of income and foreign holders of the offered certificates could be subject to withholding in respect of any payments with respect to Basis Risk Shortfall Carry Forward Amounts. Holders of the offered certificates are advised to consult their own tax advisors regarding the allocation of issue price, timing, character and source of income and deductions resulting from the ownership of their certificates. Treasury regulations have been promulgated under Section 1275 of the Internal Revenue Code generally providing for the integration of a "qualifying debt instrument" with a hedge if the combined cash flows of the components are substantially equivalent to the cash flows on a variable rate debt instrument. However, such regulations specifically disallow integration of debt instruments subject to Section 1272(a)(6) of the Internal Revenue Code. Therefore, holders of the offered certificates will be unable to use the integration method provided for under such regulations with respect to such certificates.

To the extent that the right to receive payments with respect to Basis Risk Shortfall Carry Forward Amounts is characterized as a "notional principal contract" for federal income tax purposes, upon the sale of an offered certificate, the amount of the sale allocated to the selling

certificateholder's right to receive such payments would be considered a "termination payment" under the notional principal contract regulations allocable to the related certificate. An offered certificateholder would have gain or loss from such a termination of the right to receive payments equal to (i) any termination payment it received or is deemed to have received minus (ii) the unamortized portion of any amount paid, or deemed paid, by the certificateholder upon entering into or acquiring its interest in the right to receive payments under the reserve fund. In addition, this calculation may have to be adjusted if the recently proposed regulations referred to above apply to the right to receive payments of Basis Risk Shortfall Carry Forward Amounts.

Gain or loss realized upon the termination of the right to receive payments of Basis Risk Shortfall Carry Forward Amounts will generally be treated as capital gain or loss. Moreover, in the case of a bank or thrift institution, Internal Revenue Code Section 582(c) would likely not apply to treat such gain or loss as ordinary.

This paragraph applies to the portion of each offered certificate exclusive of any rights in respect to payments with respect to Basis Risk Shortfall Carry Forward Amounts. That portion of the offered certificates will be treated as assets described in Section 7701(a)(19)(C) of the Internal Revenue Code and "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code generally in the same proportion that the assets of the trust would be so treated. In addition, interest on the offered certificates, exclusive of any interest received with respect to Basis Risk Shortfall Carry Forward Amounts, will be treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Internal Revenue Code generally to the extent that such offered certificates are treated as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code. Moreover, the specified portion of the offered certificates will be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Internal Revenue Code. However, prospective investors in offered certificates that will be generally treated as assets described in Section 860G(a)(3) of the Internal Revenue Code should note that, notwithstanding such treatment, any repurchase of such a certificate pursuant to the right of the master servicer or the depositor to repurchase such offered certificates may adversely affect any REMIC that holds such offered certificates if such repurchase is made under circumstances giving rise to a prohibited transaction tax. See "*Pooling and Servicing Agreement—Termination*" in this prospectus supplement and "*Material Federal Income Tax Consequences—REMICs—Characterization of Investments in REMIC Certificates*" in the prospectus.

The holders of the offered certificates will be required to include in income interest on their certificates in accordance with the accrual method of accounting. As noted above, each holder of an offered certificate will be required to allocate a portion of the purchase price paid for its certificates to the right to receive payments with respect to Basis Risk Shortfall Carry Forward Amounts. The value of the right to receive any such payments of Basis Risk Shortfall Carry Forward Amounts is a question of fact which could be subject to differing interpretations. Because the right to receive such payments of Basis Risk Shortfall Carry Forward Amounts is treated as a separate right of the offered certificates not payable by any REMIC, such right will not be treated as a qualifying asset for any such certificateholder that is a mutual savings bank, domestic building and loan association, real estate investment trust, or real estate mortgage investment conduit and any amounts received in respect thereof will not be qualifying real estate income for real estate investment trusts.

Tax Return Disclosure and Investor List Requirements

Recent Treasury pronouncements directed at abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. Regulations require taxpayers to report certain disclosures on IRS form 8886 if they participate in a "reportable transaction." Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based upon any of several indicia one or more of which may be present with respect to your investment in the certificates. Congress has enacted provisions that impose significant penalties for failure to comply with these disclosure requirements. Investors in Residual Certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the issuer and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to this transaction.

Notwithstanding any other express or implied agreement to the contrary, the depositor, the issuer, the underwriters and each recipient of this prospectus supplement and the prospectus agree that each of them and each of their employees, representatives, and other agents may disclose, immediately upon commencement of discussions, to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind, including opinions or other tax analyses, that are provided to any of them relating to the tax treatment and tax structure, except where confidentiality is reasonably necessary to comply with U.S. federal or state securities laws.

Penalty Protection

If penalties were asserted against purchasers of the offered certificates in respect of their treatment of the offered certificates for tax purposes, the summary of tax considerations contained, and the opinions stated, herein and in the prospectus may not meet the conditions necessary for purchasers' reliance on that summary and those opinions to exculpate them from the asserted penalties.

Method of Distribution

In accordance with the terms and conditions of an underwriting agreement, dated March 28, 2006, Goldman, Sachs & Co. will serve as the underwriter and has agreed to purchase and the depositor has agreed to sell the offered certificates. It is expected that delivery of the underwritten certificates will be made only in book-entry form through the Same Day Funds Settlement System of DTC on or about March 30, 2006 against payment therefor in immediately available funds.

In connection with the underwritten certificates, the underwriter has agreed, in accordance with the terms and conditions of the underwriting agreement, to purchase all of the underwritten certificates if any of the underwritten certificates are purchased thereby.

The underwriting agreement provides that the obligation of the underwriter to pay for and accept delivery of its underwritten certificates is subject to, among other things, the receipt of legal opinions and to the conditions, among others, that no stop order suspending the

effectiveness of the depositor's registration statement shall be in effect, and that no proceedings for that purpose shall be pending before or threatened by the Securities and Exchange Commission.

The distribution of the underwritten certificates by the underwriter may be effected from time to time in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale. Proceeds to the depositor from the sale of the underwritten certificates, before deducting expenses payable by the depositor, will be approximately 99.94% of the aggregate Certificate Principal Balance of the underwritten certificates plus accrued interest thereon from the cut-off date.

The underwriter may effect these transactions by selling the underwritten certificates to or through dealers, and those dealers may receive compensation in the form of underwriting discounts, concessions or commissions from the underwriter for whom they act as agent. In connection with the sale of the underwritten certificates, the underwriter may be deemed to have received compensation from the depositor in the form of underwriting compensation. The underwriter and any dealers that participate with the underwriter in the distribution of the underwritten certificates are also underwriters under the Securities Act of 1933. Any profit on the resale of the underwritten certificates positioned by an underwriter would be underwriter compensation in the form of underwriting discounts and commissions under the Securities Act, as amended.

The underwriting agreement provides that the depositor will indemnify the underwriter, and that under limited circumstances the underwriter will indemnify the depositor, against some liabilities under the Securities Act, or contribute to payments required to be made in respect thereof.

There is currently no secondary market for the offered certificates. The underwriter intends to make a secondary market in the underwritten certificates but is not obligated to do so. There can be no assurance that a secondary market for the offered certificates will develop or, if it does develop, that it will continue. The offered certificates will not be listed on any securities exchange.

The primary source of information available to investors concerning the offered certificates will be the monthly statements discussed in the prospectus under "Description of the Certificates—Reports to Certificateholders" and in this prospectus supplement under "Pooling and Servicing Agreement—Reports to Certificateholders," which will include information as to the outstanding principal balance or notional amount of the offered certificates. There can be no assurance that any additional information regarding the offered certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the offered certificates will be available on an ongoing basis. The limited nature of this information regarding the offered certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the offered certificates becomes available.

Use of Proceeds

The net proceeds from the sale of the offered certificates to the underwriters will be paid to the depositor. The depositor will use the proceeds to purchase the mortgage loans or for general corporate purposes.

Legal Opinions

Certain legal matters relating to the certificates will be passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York, and for the underwriter by Thacher Proffitt & Wood LLP, New York, New York.

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. Standard & Poor's rating on the certificates does not, however, constitute a statement regarding frequency of prepayments on the mortgages. See "*Certain Yield and Prepayment Considerations*" in this prospectus supplement. The rating on the Residual Certificates only addresses the return of its Certificate Principal Balance and interest on the Residual Certificates at the related pass-through rate.

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. Moody's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the mortgage loans.

The ratings do not address the likelihood that any Basis Risk Shortfall Amount will be paid to holders of the Class A Certificates or Class M Certificates.

The depositor has not requested a rating on the offered certificates by any rating agency other than Standard & Poor's and Moody's. However, there can be no assurance as to whether any other rating agency will rate the offered certificates, or, if it does, what rating would be assigned by any other rating agency. A rating on the certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the offered certificates by Standard & Poor's and Moody's.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. In the event that the ratings initially assigned to the offered certificates are subsequently lowered for any reason, no person or entity is obligated to provide any additional support or credit enhancement with respect to the offered certificates.

The fees paid by the depositor to the rating agencies at closing include a fee for ongoing surveillance by the rating agencies for so long as any certificates are outstanding. However, the

rating agencies are under no obligation to the depositor to continue to monitor or provide a rating on the certificates.

Legal Investment

The Class A, Class M-1, Class M-2 and Class M-3 Certificates will constitute "mortgage related securities" for purposes of SMMEA so long as they are rated in at least the second highest rating category by one of the rating agencies, and, as such, are legal investments for some entities to the extent provided in SMMEA. SMMEA provides, however, that states could override its provisions on legal investment and restrict or condition investment in mortgage related securities by taking statutory action on or prior to October 3, 1991. Some states have enacted legislation which overrides the preemption provisions of SMMEA. The Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates will not constitute "mortgage related securities" for purposes of SMMEA.

One or more classes of the offered certificates may be viewed as "complex securities" under TB 73a and TB 13a, which apply to thrift institutions regulated by the OTS.

The depositor makes no representations as to the proper characterization of any class of the offered certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of the offered certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of offered certificates. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent any class of the offered certificates constitutes a legal investment or is subject to investment, capital or other restrictions.

See "*Legal Investment Matters*" in the prospectus.

ERISA Considerations

A fiduciary of any ERISA plan, any insurance company, whether through its general or separate accounts, or any other person investing ERISA plan assets of any ERISA plan, as defined under "ERISA Considerations—ERISA Plan Asset Regulations" in the prospectus, should carefully review with its legal advisors whether the purchase or holding of offered certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA or Section 4975 of the Internal Revenue Code. The purchase or holding of the Class A Certificates, as well as the Class M Certificates, by or on behalf of, or with ERISA plan assets of, an ERISA plan may qualify for exemptive relief under the RFC exemption, as described under "ERISA Considerations—Prohibited Transaction Exemption" in the prospectus, provided that those certificates are rated at least "BBB-" (or its equivalent) by Standard & Poor's, Moody's or Fitch Ratings, or Fitch, at the time of purchase. The RFC exemption contains a number of other conditions which must be met for the RFC exemption to apply, including the requirements that (1) any ERISA plan must be an "accredited investor" as defined in Rule 501(a)(1) of Regulation D under the Securities Act, and (2) in the case of the Class M Certificates, none of the mortgage loans may be less than fully secured and, in the case of the Class A Certificates, none of the mortgage loans may have an LTV ratio that exceeds 125%, based on the fair market value of the collateral on the closing date of the mortgage loans represented by the certificates and all other

mortgage loans secured by a lien of equal or higher priority on the same collateral. The depositor expects that the specific conditions of the RFC exemption should be satisfied with respect to the offered certificates so that the RFC exemption should provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

All of the mortgage loans represented by the offered certificates provide for negative amortization. Although each mortgage loan represented by the offered certificates will be fully secured as of the closing date, it is conceivable that, after the closing date, a small percentage of the loans could, due to negative amortization, have an outstanding balance that exceeds 100%, but not 125%, of the value of the related collateral. The mortgage pool has been so structured as to reduce to an immaterial level the probability that such a result would occur. For certain seasoned loans, broker's price opinions or statistical valuations have been obtained indicating that, as of the cut-off date, the current LTV ratio was 86.9565% or less or 90.909% or less, for loans with a negative amortization cap of 115% and 110%, respectively, with respect to all but an immaterial percentage of the mortgage loans, notwithstanding that the LTV information disclosed in this prospectus supplement, as of the mortgage loans' origination dates, may indicate a slightly higher percentage.

The Department of Labor issued Prohibited Transaction Exemption, or PTE, 2002-41, 67 Fed. Reg. 54487 (August 22, 2002) which amended the RFC exemption and similar exemptions issued to other underwriters. This allows the trustee to be affiliated with the underwriters despite the restriction in PTE 2000-58 to the contrary.

Each beneficial owner of Class M Certificates or any interest therein shall be deemed to have represented, by virtue of its acquisition or holding of that certificate or interest therein, that either (i) it is not an ERISA plan investor; (ii) it has acquired and is holding such Class M Certificates in reliance on the RFC exemption, and it understands that there are certain conditions to the availability of the RFC exemption, including that the Class M Certificates must be rated, at the time of purchase, not lower than "BBB-" (or its equivalent) by Standard & Poor's, Fitch or Moody's; or (iii) (1) it is an insurance company, (2) the source of funds used to acquire or hold the certificate or interest therein is an "insurance company general account," as such term is defined in Section V(e) of Prohibited Transaction Class Exemption, or PTCE, 95-60, and (3) the conditions in Sections I and III of PTCE 95-60 have been satisfied.

If any Class M Certificate or any interest therein is acquired or held in violation of the conditions described in the preceding paragraph, the next preceding permitted beneficial owner will be treated as the beneficial owner of that Class M Certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of any such certificate or interest therein was effected in violation of the conditions described in the preceding paragraph shall indemnify and hold harmless the depositor, the trustee, the master servicer, any subservicer, the underwriters and the trust from and against any and all liabilities, claims, costs or expenses incurred by those parties as a result of that acquisition or holding.

Because the exemptive relief afforded by the RFC exemption or any similar exemption that might be available will not likely apply to the purchase, sale or holding of the Residual

Certificates, transfers of those certificates to any ERISA plan investor will not be registered by the trustee unless the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to those entities, which opinion will not be at the expense of those entities, that the purchase of those certificates by or on behalf of the ERISA plan investor:

- is permissible under applicable law;
- will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and
- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing agreement.

Any fiduciary or other investor of ERISA plan assets that proposes to acquire or hold the offered certificates on behalf of or with ERISA plan assets of any ERISA plan should consult with its counsel with respect to: (i) whether the specific and general conditions and the other requirements in the RFC exemption would be satisfied, or whether any other prohibited transaction exemption would apply, and (ii) the potential applicability of the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code to the proposed investment. See "*ERISA Considerations*" in the prospectus.

The sale of any of the offered certificates to an ERISA plan is in no respect a representation by the depositor or the underwriters that such an investment meets all relevant legal requirements relating to investments by ERISA plans generally or any particular ERISA plan, or that such an investment is appropriate for ERISA plans generally or any particular ERISA plan.

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Annex I

Credit Score Distribution of the Mortgage Loans

Credit Score Range	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
600 – 619	2	$324,400	0.05%	$162,200	53.87%
620 – 639	153	49,114,444	7.56	321,009	73.67
640 – 659	186	61,481,645	9.46	330,546	73.37
660 – 679	335	112,128,157	17.25	334,711	75.97
680 – 699	314	110,778,117	17.04	352,797	75.21
700 – 719	286	98,297,437	15.12	343,697	74.40
720 – 739	206	73,079,248	11.24	354,754	74.97
740 – 759	173	60,610,053	9.32	350,347	74.00
760 – 779	138	50,163,292	7.72	363,502	72.34
780 – 799	78	25,797,092	3.97	330,732	69.57
800 or greater	24	7,744,324	1.19	322,680	72.85
Subtotal with Credit Score	1,895	$649,518,208	99.92%	$342,754	74.31%
Not Available	2	494,718	0.08	247,359	77.59
Total Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	74.31%

Mortgage loans indicated as having a credit score that is "Not Available" include certain mortgage loans where the credit score was not provided by the related seller and mortgage loans where no credit history can be obtained for the related mortgagor.

As of the cut-off date, the weighted average Credit Score of the mortgage loans will be approximately 702.

Original Mortgage Loan Principal Balances of the Mortgage Loans

Original Mortgage Loan Balance ($)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
100,000 or less	43	$3,556,832	0.55%	$82,717	716	61.95%
100,001 to 200,000	376	59,581,222	9.17	158,461	702	71.41
200,001 to 300,000	472	117,622,480	18.10	249,200	701	74.54
300,001 to 400,000	466	163,924,249	25.22	351,769	695	75.60
400,001 to 500,000	281	126,460,962	19.46	450,039	699	76.07
500,001 to 600,000	130	70,784,072	10.89	544,493	711	77.40
600,001 to 700,000	60	38,651,576	5.95	644,193	697	74.16
700,001 to 800,000	21	15,660,075	2.41	745,718	721	71.34
800,001 to 900,000	21	18,076,605	2.78	860,791	714	69.22
900,001 to 1,000,000	11	10,593,295	1.63	963,027	729	68.68
1,100,001 to 1,200,000	1	1,152,458	0.18	1,152,458	737	70.00
1,200,001 to 1,300,000	2	2,500,000	0.38	1,250,000	745	75.00
1,300,001 to 1,400,000	3	4,124,622	0.63	1,374,874	691	70.68
1,400,001 to 1,500,000	6	8,843,057	1.36	1,473,843	724	62.56
1,500,001 to 1,600,000	1	1,600,000	0.25	1,600,000	771	43.00
2,000,001 to 2,100,000	2	4,142,464	0.64	2,071,232	688	65.56
2,700,001 to 2,800,000	1	2,738,958	0.42	2,738,958	718	55.00
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Net Mortgage Rates of the Mortgage Loans

Net Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
0.500 – 0.999	349	$124,037,891	19.08%	$355,409	715	70.09%
1.000 – 1.499	439	154,587,422	23.78	352,135	693	76.14
1.500 – 1.999	110	29,959,207	4.61	272,356	677	77.08
2.000 – 2.499	41	8,956,246	1.38	218,445	714	78.30
2.500 – 2.999	5	1,240,150	0.19	248,030	712	84.30
5.000 – 5.499	1	341,677	0.05	341,677	702	90.00
5.500 – 5.999	25	8,268,102	1.27	330,724	736	71.94
6.000 – 6.499	191	69,072,947	10.63	361,638	721	73.97
6.500 – 6.999	677	233,304,954	35.89	344,616	697	74.54
7.000 – 7.499	55	18,592,748	2.86	338,050	699	78.87
7.500 – 7.999	4	1,651,583	0.25	412,896	678	79.08
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average Net Mortgage Rate of the mortgage loans will be approximately 3.9012% per annum.

Mortgage Rates of the Mortgage Loans

Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
0.500 – 0.999	26	$8,611,202	1.32%	$331,200	707	71.63%
1.000 – 1.499	346	124,202,164	19.11	358,966	715	70.45
1.500 – 1.999	421	147,172,697	22.64	349,579	692	76.05
2.000 – 2.499	108	29,268,457	4.50	271,004	677	77.43
2.500 – 2.999	38	8,286,246	1.27	218,059	713	78.38
3.000 – 3.499	5	1,240,150	0.19	248,030	712	84.30
5.500 – 5.999	1	341,677	0.05	341,677	702	90.00
6.000 – 6.499	25	8,268,102	1.27	330,724	736	71.94
6.500 –- 6.999	195	70,211,647	10.80	360,060	722	73.96
7.000 – 7.499	673	232,166,253	35.72	344,972	697	74.54
7.500 – 7.999	55	18,592,748	2.86	338,050	699	78.87
8.000 – 8.499	4	1,651,583	0.25	412,896	678	79.08
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average mortgage rate of the mortgage loans will be approximately 4.3262% per annum.

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	Weighted Average Credit Score
00.01 - 50.00.....	115	$30,838,160	4.74%	$268,158	717
50.01 - 55.00.....	35	13,714,006	2.11	391,829	705
55.01 - 60.00.....	66	21,925,115	3.37	332,199	701
60.01 - 65.00.....	90	31,546,846	4.85	350,521	712
65.01 - 70.00.....	197	74,635,154	11.48	378,859	701
70.01 - 75.00.....	284	104,514,631	16.08	368,009	697
75.01 - 80.00.....	1,007	344,405,877	52.98	342,012	701
80.01 - 85.00.....	9	2,756,101	0.42	306,233	699
85.01 - 90.00.....	67	17,722,789	2.73	264,519	695
90.01 – 95.00.....	27	7,954,248	1.22	294,602	722
Total, Average or Weighted Average.....	1,897	$650,012,926	100.00%	$342,653	702

The weighted average Loan-to-Value ratio at origination of the mortgage loans will be approximately 74.31%.

The above table provides loan-to-value information as of the loans' origination dates. For certain seasoned loans, broker's price opinions or statistical valuations have been obtained indicating that, as of the cut-off date, the current loan-to-value ratio was 86.9565% or less, or 90.909% or less, for loans with a negative amortization cap of 115% and 110%, respectively, with respect to all but an immaterial percentage of the mortgage loans, notwithstanding that the above table may indicate a slightly higher percentage. See "ERISA Considerations".

Geographic Distribution of Mortgaged Properties of the Mortgage Loans

State	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Alabama	3	$324,327	0.05%	$108,109	691	83.69%
Arizona	142	40,320,420	6.20	283,947	700	74.02
California	1,053	410,709,521	63.18	390,038	701	73.65
Colorado	33	7,164,349	1.10	217,101	705	79.14
Connecticut	19	5,407,389	0.83	284,599	693	73.48
District of Columbia	1	475,250	0.07	475,250	633	75.00
Delaware	1	156,800	0.02	156,800	711	80.00
Florida	237	69,493,445	10.69	293,221	708	74.69
Georgia	9	3,267,684	0.50	363,076	696	71.99
Hawaii	4	1,619,682	0.25	404,921	682	67.83
Idaho	7	1,021,506	0.16	145,929	688	77.21
Illinois	7	2,053,195	0.32	293,314	719	79.56
Indiana	6	1,453,893	0.22	242,316	663	66.76
Kentucky	7	1,127,146	0.17	161,021	720	79.04
Louisiana	5	942,245	0.14	188,449	724	81.18
Massachusetts	10	3,602,744	0.55	360,274	683	74.55
Maryland	6	2,455,706	0.38	409,284	702	71.20
Michigan	4	641,240	0.10	160,310	700	69.24
Minnesota	1	341,073	0.05	341,073	688	58.00
Missouri	15	2,929,875	0.45	195,325	708	79.72
Montana	1	973,596	0.15	973,596	742	75.00
North Carolina	6	3,436,885	0.53	572,814	716	79.95
North Dakota	1	239,495	0.04	239,495	656	90.00
Nebraska	2	156,454	0.02	78,227	739	89.09
New Hampshire	4	930,082	0.14	232,521	688	75.72
New Jersey	4	1,416,787	0.22	354,197	717	85.34
Nevada	71	20,608,786	3.17	290,265	700	77.30
New York	23	9,160,702	1.41	398,291	702	74.62
Oklahoma	1	96,000	0.01	96,000	778	80.00
Oregon	27	5,756,928	0.89	213,220	712	75.31
Pennsylvania	11	2,746,358	0.42	249,669	728	77.67
Rhode Island	2	467,435	0.07	233,717	743	72.77
South Carolina	5	1,991,237	0.31	398,247	730	74.67
Tennessee	3	799,156	0.12	266,385	709	80.00
Texas	14	2,712,867	0.42	193,776	700	80.20
Utah	10	2,618,321	0.40	261,832	688	77.38
Virginia	34	11,028,965	1.70	324,381	689	76.53
Washington	106	29,019,472	4.46	273,769	701	75.87
Wyoming	2	345,908	0.05	172,954	739	85.57
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

No more than 0.7% of the mortgage loans will be secured by mortgaged properties located in any one zip code area in California and no more than 0.5% of the mortgage loans will be secured by mortgaged properties located in any one zip code area outside California.

Mortgage Loan Purpose of the Mortgage Loans

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Purchase	341	$118,258,248	18.19%	$346,798	711	79.61%
Rate/Term Refinance	426	143,845,417	22.13	337,665	688	76.59
Equity Refinance	1,130	387,909,261	59.68	343,283	704	71.85
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Mortgage Loan Documentation Types of the Mortgage Loans

Documentation Type	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Full/Alternate Documentation	242	$70,532,640	10.85%	$291,457	702	75.76%
Reduced Documentation	1,619	569,992,908	87.69	352,065	702	74.24
No Stated Income	14	3,735,934	0.57	266,852	729	73.27
No Income/No Asset Verification	22	5,751,445	0.88	261,429	710	63.72
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

No more than 65.4% of such reduced, no stated income, and no income/no asset verification loan documentation mortgage loans will be secured by mortgaged properties located in California. For purposes of the above table, reduced documentation includes mortgage loans which were underwritten under a no stated income or no income/no asset program.

Occupancy Types of the Mortgage Loans

Occupancy	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	1,606	$570,782,483	87.81%	$355,406	700	74.55%
Second/Vacation	81	25,818,074	3.97	318,742	704	73.59
Non-Owner Occupied	210	53,412,369	8.22	254,345	720	72.10
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Mortgaged Property Types of the Mortgage Loans

Property Type	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Single-family detached	1,250	$431,126,238	66.33%	$344,901	700	74.02%
Planned Unit Developments (detached)	280	106,654,304	16.41	380,908	709	75.43
Condo Low-Rise (less than 5 stories)	160	43,248,101	6.65	270,301	706	76.75
Two-to-four family units	102	34,273,117	5.27	336,011	703	72.45
Planned Unit Developments (attached)	58	15,350,781	2.36	264,669	706	75.07
Condo High-Rise (9 stories or more)	21	9,389,340	1.44	447,111	704	76.17
Condo Mid-Rise (5 to 8 stories)	10	4,212,755	0.65	421,275	707	65.23
Townhouse	13	3,701,553	0.57	284,735	680	75.74
Condotel (1 to 4 stories)	2	1,603,938	0.25	801,969	693	51.94
Leasehold	1	452,800	0.07	452,800	700	80.00
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Note Margins of the Mortgage Loans

Note Margins (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
2.0000 – 2.4999	8	$2,762,114	0.42%	$345,264	746	75.08%
2.5000 – 2.9999	243	86,194,026	13.26	354,708	724	72.90
3.0000 – 3.4999	1,481	504,799,548	77.66	340,850	699	74.17
3.5000 – 3.9999	163	55,504,011	8.54	340,515	690	77.67
4.0000 – 4.4999	1	450,000	0.07	450,000	743	75.00
4.5000 – 4.9999	1	303,228	0.05	303,228	702	75.00
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average note margin of the mortgage loans will be approximately 3.2912% per annum.

Maximum Mortgage Rates of the Mortgage Loans

Maximum Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
8.000 – 8.999	3	$1,167,904	0.18%	$389,301	706	77.37%
9.000 – 9.999	1,801	617,788,609	95.04	343,025	702	74.16
10.000 - 10.999	91	30,345,672	4.67	333,469	693	77.12
11.000 – 11.999	2	710,740	0.11	355,370	674	80.00
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average Maximum Mortgage Rate of the mortgage loans will be approximately 9.9732% per annum.

Minimum Mortgage Rates of the Mortgage Loans

Minimum Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
2.000 - 2.999	251	$88,956,140	13.69%	$354,407	724	72.97%
3.000 - 3.999	1,644	560,303,558	86.20	340,817	698	74.52
4.000 - 4.999	2	753,228	0.12	376,614	726	75.00
Total, Average or Weighted Average.....	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average Minimum Mortgage Rate of the mortgage loans will be approximately 3.2912% per annum.

Next Interest Rate Adjustment Dates of the Mortgage Loans

Next Interest Rate Adjustment Date	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
April 2006.....	1,890	$647,889,800	99.67%	$342,799	702	74.30%
May 2006.....	4	1,319,127	0.20	329,782	697	72.96
June 2006.....	3	804,000	0.12	268,000	725	80.00
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average months to Next Interest Rate Adjustment Date of the mortgage loans will be approximately 1 month.

Indices of the Mortgage Loans

Index	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
One-Year Treasury	1,867	$639,942,083	98.45%	$342,765	702	74.28%
LIBOR.....	30	10,070,843	1.55	335,695	711	76.39
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Remaining Term to Maturity of the Mortgage Loans

Remaining Term (months)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
353	2	$474,099	0.07%	$237,050	668	73.33%
354	2	740,445	0.11	370,223	685	80.00
355	4	1,069,085	0.16	267,271	731	88.06
356	15	3,397,385	0.52	226,492	685	82.28
357	31	10,892,515	1.68	351,371	717	81.10
358	105	30,681,078	4.72	292,201	708	75.43
359	652	227,557,187	35.01	349,014	699	74.10
360	890	297,045,512	45.70	333,759	700	74.08
476	1	241,803	0.04	241,803	698	80.00
477	3	1,087,369	0.17	362,456	697	82.26
478	16	7,152,169	1.10	447,011	730	79.28
479	127	49,540,831	7.62	390,085	717	73.44
480	49	20,133,450	3.10	410,887	714	72.33
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Prepayment Term of the Mortgage Loans

Prepay Term (months)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
12	469	$179,980,003	27.69%	$383,753	715	73.95%
36	1,428	470,032,924	72.31	329,155	697	74.45
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Seasoning of the Mortgage Loans

Seasoning (months)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
0	939	$317,178,962	48.80%	$337,784	701	73.97%
1	779	277,098,018	42.63	355,710	702	73.98
2	121	37,833,246	5.82	312,671	712	76.16
3	34	11,979,883	1.84	352,350	715	81.20
4	16	3,639,188	0.56	227,449	686	82.13
5.	4	1,069,085	0.16	267,271	731	88.06
6.	2	740,445	0.11	370,223	685	80.00
7.	2	474,099	0.07	237,050	668	73.33
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

As of the cut-off date, the weighted average seasoning of the mortgage loans is 1 month.

Original Term to Maturity of the Mortgage Loans

Original Term (months)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
360	1,701	$571,857,306	87.98%	$336,189	700	74.37%
480	196	78,155,621	12.02	398,753	717	73.83
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

The weighted average original term to maturity of the mortgage loans is approximately 374 months.

Amortization Term of the Mortgage Loans

Amortization Term	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
30 yr ARM	1,420	$458,704,182	70.57%	$323,031	701	74.24%
40 yr ARM	196	78,155,621	12.02	398,753	717	73.83
40/30 ARM Balloon	281	113,153,123	17.41	402,680	696	74.93
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	702	74.31%

Maximum Negative Amortization of the Mortgage Loans

Maximum Negative Amortization (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Current Mortgage Rate	Weighted Average Remaining Term to Maturity (Months)	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
110.00	75	28,063,035	4.32	374,174	5.26	370	709	74.87
115.00	1,822	621,949,892	95.68	341,356	4.28	374	702	74.28
Total, Average or Weighted Average	1,897	$650,012,926	100.00%	$342,653	4.33	374	702	74.31%

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Exhibit 4

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Amendment No. 1 to Form S-3 Registration Statement, filed on Mar. 3, 2006

As filed with the Securities and Exchange Commission on March 3, 2006
Registration No. 333-131213

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

RESIDENTIAL
ACCREDIT LOANS,
INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)
51-0368240

(I.R.S. employer identification number)

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437
(952) 857-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Bruce J. Paradis
Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437
(952) 857-7000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Richard V. Kent, Esq.	Katharine I. Crost, Esq.	Paul A. Jorissen, Esq.
GMAC Mortgage Group, Inc.	Orrick, Herrington & Sutcliffe LLP	Mayer, Brown, Rowe & Maw LLP
200 Renaissance Center Mail Code 482-B09-B11 Detroit, Michigan 48265	666 Fifth Avenue New York, New York 10103	1675 Broadway New York, New York 10019

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective as determined by market conditions.

If any of the securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. | |

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering. | |

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering. | |

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. | |

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. | |

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Mortgage Asset-Backed	$34,723,478,970.00	100%(1)	$34,723,478,970.00	$3,715,412.00

and Manufactured Housing Contract Pass-Through Certificates (Issuable in Series)

(1) Estimated solely for the purpose of calculating the registration fee.
(2) $24,723,478,970 of securities previously registered under Registration Statement No. 333-126732 (initially filed on July 20, 2005) remain unissued. A registration fee of $2,909,953 was previously paid by the Registrant for such unissued securities and pursuant to Rule 457(p) will be offset against the total registration fee for this Registration Statement. An additional $107 of the registration fee was paid in connection with the initial filing of this Registration Statement on January 23, 2006. The remaining $805,352 of the registration fee was paid on March 3, 2006.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Registration Statement includes (i) a basic prospectus relating to Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates and (ii) an illustrative form of prospectus supplement for use in an offering of Mortgage Asset-Backed or Manufactured Housing Contract Pass-Through Certificates representing beneficial ownership interests in a trust fund consisting primarily of mortgage loans or manufactured housing contracts.

Prospectus
Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates

Residential Accredit Loans, Inc.
Depositor

Residential Funding Corporation
Sponsor

The depositor may periodically form separate trusts to issue certificates in series, secured by assets of that trust.

Offered Certificates The certificates in a series will represent interests in a trust and will be paid only from the assets of that trust. The certificates will not represent interests in or obligations of Residential Accredit Loans, Inc., Residential Funding Corporation or any of their affiliates. Each series may include multiple classes of certificates with differing payment terms and priorities. Credit enhancement will be provided for all offered certificates.

Mortgage Collateral Each trust will consist primarily of:

- mortgage loans or manufactured housing conditional sales contracts or installment loan agreements secured by first liens on one- to four-family residential properties; or
- mortgage securities and whole or partial participations in mortgage loans.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these certificates or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

March 3, 2006

Important notice about information presented in this prospectus and the accompanying prospectus supplement

We provide information to you about the certificates in two separate documents that provide progressively more detail:

- this prospectus, which provides general information, some of which may not apply to your series of certificates; and
- the accompanying prospectus supplement, which describes the specific terms of your series of certificates.

You should rely only on the information provided in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference. See "Additional Information," "Reports to Certificateholders" and "Incorporation of Certain Information by Reference" in this Prospectus. You can request information incorporated by reference from Residential Accredit Loans, Inc. by calling us at (952) 857-7000 or writing to us at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. We have not authorized anyone to provide you with different information. We are not offering the certificates in any state where the offer is not permitted.

Some capitalized terms used in this prospectus are defined in the Glossary attached to this prospectus.

INTRODUCTION

The pass-through certificates offered may be sold from time to time in series. Each series of certificates will represent in the aggregate the entire beneficial ownership interest, excluding any interest retained by the depositor or any other entity specified in the accompanying prospectus supplement, in a trust consisting primarily of a segregated pool of mortgage loans or manufactured housing conditional sales contracts and installment loan agreements, acquired by the depositor from one or more affiliated or unaffiliated institutions. Each series of certificates will be issued under a pooling and servicing agreement among the depositor, the trustee and master servicer or servicer as specified in the accompanying prospectus supplement, or a trust agreement between the depositor and trustee as specified in the accompanying prospectus supplement.

THE TRUSTS

General

The mortgage loans, contracts and other assets described in this prospectus under "The Trusts-The Mortgage Loans" and "-The Contracts" and in the accompanying prospectus supplement will be held in a trust for the benefit of the holders of the related series of certificates and any uncertificated interest, if any, as described in this section and in the accompanying prospectus supplement. These assets will be evidenced by promissory notes, or mortgage notes, that are secured by the following:

- mortgages;
- deeds of trust;
- manufactured housing conditional sales contracts and installment loan agreements;
- other similar security instruments creating a first lien on one- to four-family residential properties; or
- whole or partial participations in the mortgage loans or contracts, which may include mortgage pass-through certificates, known as mortgage securities, including Agency Securities, evidencing interests in mortgage loans or contracts.

As used in this prospectus, contracts may include:

- manufactured housing conditional sales contracts; and
- installment loan agreements.

Mortgage collateral may include:

- mortgage loans; and
- contracts.

As specified in the accompanying prospectus supplement, the mortgaged properties will primarily include any combination of the following:

- attached or detached one-family dwelling units;

- two- to four-family dwelling units;
- condominiums;
- units in condotels;
- townhouses;
- row houses;
- individual units in planned-unit developments;

- modular pre-cut/panelized housing;
- Cooperatives;
- manufactured homes; and
- the fee, leasehold or other interests in the underlying real property.

The mortgaged properties may be located in any of the fifty states, the District of Columbia or the Commonwealth of Puerto Rico and may include vacation, second and non-owner-occupied homes.

The prospectus supplement with respect to a series will describe the specific manner in which certificates of that series issued under a particular pooling and servicing agreement or trust agreement will evidence specified beneficial ownership interests in a separate trust created under that pooling and servicing agreement or trust agreement. A trust will consist of, to the extent provided in the related pooling and servicing agreement or trust agreement:

- mortgage loans or contracts and the related mortgage documents or interests in them, including any mortgage securities, underlying a particular series of certificates as from time to time are subject to the pooling and servicing agreement or trust agreement, exclusive of, if specified in the accompanying prospectus supplement, any interest retained by the depositor or any of its affiliates with respect to each mortgage loan;
- assets including all payments and collections derived from the mortgage loans, contracts or mortgage securities due after the related cut-off date, as from time to time are identified as deposited in the Custodial Account and in the related Certificate Account;
- property acquired by foreclosure of the mortgage loans or contracts or deed in lieu of foreclosure and portions of the related proceeds from the disposition of any related Additional Collateral or Pledged Assets;
- hazard insurance policies and primary insurance policies, if any, and portions of the related proceeds; and
- any combination, as and to the extent specified in the accompanying prospectus supplement, of a letter of credit, purchase obligation, mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, reserve fund, bankruptcy bond, certificate insurance policy, surety bond or other similar types of credit enhancement as described under "Description of Credit Enhancement."

The accompanying prospectus supplement will describe the material terms and conditions of certificates of interest or participations in mortgage loans to the extent they are included in the related trust.

Each mortgage loan or contract will be selected by the depositor for inclusion in a mortgage pool from among those purchased by the depositor from any of the following sources:

- either directly or through its affiliates, including Residential Funding Corporation;
- sellers who are affiliates of the depositor including Homecomings Financial Network, Inc. and GMAC Mortgage Corporation; or
- savings banks, savings and loan associations, commercial banks, credit unions, insurance companies or similar institutions that are supervised and/or examined by a federal or state authority, lenders approved by the United States Department of Housing and Urban Development, known as HUD, mortgage bankers, investment banking firms, the Federal Deposit Insurance Corporation, known as the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor, all as described in the accompanying prospectus supplement.

The mortgage collateral sellers may include state or local government housing finance agencies. If a mortgage pool is composed of mortgage loans or contracts acquired by the depositor directly from sellers other than Residential Funding Corporation, the accompanying prospectus supplement will specify the extent of mortgage loans or contracts so acquired. The characteristics of the mortgage loans or contracts are as described in the accompanying prospectus supplement.

The mortgage loans or contracts may also be delivered to the depositor in a Designated Seller Transaction. A "Designated Seller Transaction" is a transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller, as more fully described in the prospectus supplement. Certificates issued in Designated Seller Transactions may be sold in whole or in part to any seller identified in the accompanying prospectus supplement in exchange for the related mortgage loans, or may be offered under any of the other methods described in this prospectus under "Methods of Distribution." The accompanying prospectus supplement for a Designated Seller Transaction will include information, provided by the related seller about the seller, the mortgage loans and the underwriting standards applicable to the mortgage loans. All representations and warranties with respect to the mortgage loans sold in a Designated Seller Transaction will be made only by the applicable unaffiliated seller, referred to herein as the Designated Seller. The depositor will take reasonable steps to ensure that the mortgage loans in a Designated Seller Transaction satisfy the eligibility criteria for securitization transactions registered on Form S-3 with the Securities and Exchange Commission. The depositor will limit Designated Seller Transactions to creditworthy unaffiliated sellers. In addition, the depositor will obtain from Designated Sellers representations and warranties regarding specific characteristics of the mortgage loans, together with an obligation to repurchase any mortgage loans that do not satisfy such representations and warranties. Furthermore, the depositor will obtain from the Designated Sellers the obligation to indemnify the depositor against any liabilities resulting from a breach of such representations and warranties.

If specified in the accompanying prospectus supplement, the trust underlying a series of certificates may include mortgage securities, including Agency Securities. The mortgage securities may have been issued previously by the depositor or an affiliate thereof, a financial institution or other entity engaged in the business of mortgage lending or a limited purpose corporation organized for the purpose of, among other things, acquiring and

depositing mortgage loans into trusts, and selling beneficial interests in such trusts. As specified in the accompanying prospectus supplement, the mortgage securities will primarily be similar to certificates offered hereunder in their collateral and their cash flows. The primary collateral for both the mortgage securities and the related certificates will be the same pool of mortgage loans. Payments on the mortgage securities will be passed through to holders of the related certificates. The Agency Securities may have been guaranteed and/or issued by the Governmental National Mortgage Association, known as Ginnie Mae, or issued by the Federal Home Loan Mortgage Corporation, known as Freddie Mac, or the Federal National Mortgage Association, known as Fannie Mae. As to any series of certificates, the accompanying prospectus supplement will include a description of the mortgage securities and any related credit enhancement, and the mortgage loans underlying those mortgage securities will be described together with any other mortgage loans included in the mortgage pool relating to that series. As to any series of certificates, as used in this prospectus a mortgage pool includes the related mortgage loans underlying any mortgage securities.

For any series of certificates backed by mortgage securities, the entity that administers the mortgage securities may be referred to as the administrator, if stated in the accompanying prospectus supplement. References in this prospectus to Advances to be made and other actions to be taken by the master servicer in connection with the mortgage loans may include Advances made and other actions taken under the terms of the mortgage securities. Each certificate will evidence an interest in only the related mortgage pool and corresponding trust, and not in any other mortgage pool or trust.

The accompanying prospectus supplement will provide material information concerning the types and characteristics of the mortgage loans and contracts included in the related trust as of the cut-off date. A Current Report on Form 8-K will be available on request to holders of the related series of certificates and will be filed, together with the related pooling and servicing agreement, with the Securities and Exchange Commission within fifteen days after the initial issuance of the certificates. If mortgage loans or contracts are added to or deleted from the trust after the date of the accompanying prospectus supplement, that addition or deletion will be noted in the Form 8-K. Additions or deletions of this type, if any, will be made prior to the closing date.

The Mortgage Loans

General

If stated in the accompanying prospectus supplement, all or a portion of the mortgage loans that underlie a series of certificates may have been purchased by the depositor under the Expanded Criteria Program.

The mortgage loans may be secured by mortgages or deeds of trust, deeds to secure debt or other similar security instruments creating a first lien on or other interests in the related mortgaged properties. The mortgage loans may be loans that have been consolidated and/or have had various terms changed, loans that have been converted from adjustable-rate mortgage loans to fixed-rate mortgage loans, or construction loans which have been converted to permanent mortgage loans. In addition, a mortgaged property may be subject to secondary financing at the time of origination of the mortgage loan or at any time thereafter.

The depositor will cause the mortgage loans constituting each mortgage pool, or mortgage securities evidencing interests therein, to be assigned to the trustee named in the accompanying prospectus supplement, for the benefit of the holders of all of the

certificates of a series. The assignment of the mortgage loans to the trustee will be without recourse. See "Description of the Certificates-Assignment of Mortgage Loans."

Interest Rate Characteristics

The accompanying prospectus supplement will describe the type of interest rates of the mortgage loans, which will include adjustable-rate mortgage loans, or ARM loans, fixed-rate mortgage loans and Convertible Mortgage Loans.

ARM Loans. ARM loans will provide for a fixed initial mortgage rate until the first date on which the mortgage rate is to be adjusted. After this date, the mortgage rate may adjust periodically, subject to any applicable limitations, based on changes in the relevant index, to a rate equal to the index plus the Gross Margin. The initial mortgage rate on an ARM loan may be lower than the sum of the then-applicable index and the Gross Margin for the ARM loan. The index or indices for a particular pool will be specified in the accompanying prospectus supplement and may include one of the following indexes:

- the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of six months, one year or other terms to maturity;
- the weekly auction average investment yield of U.S. Treasury bills of various maturities;
- the daily bank prime loan rate as quoted by financial industry news sources;
- the cost of funds of member institutions of any of the regional Federal Home Loan Banks;
- the interbank offered rates for U.S. dollar deposits in the London market, each calculated as of a date prior to each scheduled interest rate adjustment date that will be specified in the accompanying prospectus supplement; or
- the weekly average of secondary market interest rates on six-month negotiable certificates of deposit.

ARM loans have features that provide different investment considerations than

fixed-rate mortgage loans. Adjustable mortgage rates can cause payment increases that may exceed some mortgagors' capacity to cover such payments. An ARM loan may provide that its mortgage rate may not be adjusted to a rate above the applicable maximum mortgage rate or below the applicable minimum mortgage rate, if any, for the ARM loan. In addition, some of the ARM loans may provide for limitations on the maximum amount by which their mortgage rates may adjust for any single adjustment period. Some ARM loans provide for limitations on the amount of scheduled payments of principal and interest.

Other ARM loans may permit the borrower to select from various payment options on each payment date. Those options may include a payment of accrued interest only, a minimum payment based on an amortization schedule that may not be sufficient to cover accrued interest on the ARM loan thus producing negative amortization, a monthly payment that would fully amortize the ARM loan over its remaining term to maturity at the current interest rate, and a monthly payment that would fully amortize the ARM loan over a shorter period at the current interest rate.

Convertible Mortgage Loans. On any conversion of a Convertible Mortgage Loan, either the depositor will be obligated to repurchase or Residential Funding Corporation, the applicable subservicer or a third party will be obligated to purchase the converted mortgage loan. Alternatively, if specified in the accompanying prospectus supplement, the depositor, Residential Funding Corporation or another party may agree to act as remarketing agent with respect to the converted mortgage loans and, in such capacity, to use its best efforts to arrange for the sale of converted mortgage loans under specified conditions. If any party obligated to purchase any converted mortgage loan fails to do so, or if any remarketing agent fails either to arrange for the sale of the converted mortgage loan or to exercise any election to purchase the converted mortgage loan for its own account, the related mortgage pool will thereafter include both fixed-rate and adjustable-rate mortgage loans.

Amortization Provisions

The accompanying prospectus supplement will also describe the applicable amortization provisions of the mortgage loans. The mortgage loans may include:

- loans with equal monthly payments;
- GPM Loans, which have monthly payments that increase in amount over time, until they are fully amortizing;
- Interest Only Loans;
- simple interest loans;
- mortgage loans that experience negative amortization;
- bi-weekly or semi-monthly payment loans; and
- Balloon Loans.

Interest Only Loans. Interest Only Loans generally require that a borrower make monthly payments of accrued interest, but not principal, for a predetermined period following origination (commonly referred to as an "interest-only period"). After the interest-only period, the borrower's monthly payment generally will be recalculated to cover both interest and principal so that the Interest Only Loan will be paid in full by its final payment date. As a result, when the monthly payment increases, the borrower may not be able to pay the increased amount and may default or refinance the Interest Only Loan to avoid the higher payment. Because no scheduled principal payments are required to be made during the interest-only period, the related offered certificates will receive smaller scheduled principal distributions during that period than they would have received if the borrower were required to make monthly payments of interest and principal from origination. In addition, because a borrower is not required to make scheduled principal payments during the interest-only period, the principal balance of an Interest Only Loan may be higher than the principal balance of a similar mortgage loan that requires payment of principal and interest throughout the entire term of the mortgage loan, and a higher principal balance may result in a greater loss upon the liquidation of an Interest Only Loan due to a default.

Simple Interest Mortgage Loans. A simple interest mortgage loan provides the amortization of the amount financed under the mortgage loan over a series of equal monthly payments, except, in the case of a Balloon Loan, the final payment. Each monthly payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the mortgage loan multiplied by the stated mortgage loan rate and further multiplied by a fraction, with the numerator equal to the number of days in the period elapsed since the preceding payment of interest was made and the denominator equal to the number of days in the annual period for which interest accrues on the mortgage

loan. As payments are received under a simple interest mortgage loan, the amount received is applied first to interest accrued to the date of payment and then the remaining amount is applied to pay any unpaid fees and then to reduce the unpaid principal balance. Accordingly, if a mortgagor pays a fixed monthly installment on a simple interest mortgage loan before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. On the other hand, if a mortgagor pays a fixed monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the remaining portion, if any, of the payment applied to reduce the unpaid principal balance will be correspondingly less. If each scheduled payment under a simple interest mortgage loan is made on or prior to its scheduled due date, the principal balance of the mortgage loan will amortize more quickly than scheduled. However, if the mortgagor consistently makes scheduled payments after the scheduled due date, the mortgage loan will amortize more slowly than scheduled. If a simple interest mortgage loan is prepaid, the mortgagor is required to pay interest only to the date of prepayment. The variable allocations among principal and interest of a simple interest mortgage loan may affect the distributions of principal and interest on the certificates, as described in the accompanying prospectus supplement.

Negatively Amortizing ARM Loans. Certain ARM loans may be subject to negative amortization from time to time prior to their maturity. Negative amortization may result from either the adjustment of the mortgage rate on a more frequent basis than the adjustment of the scheduled payment or the application of a cap on the size of the scheduled payment. In the first case, negative amortization results if an increase in the mortgage rate occurs prior to an adjustment of the scheduled payment on the related mortgage loan and such increase causes accrued monthly interest on the mortgage loan to exceed the scheduled payment. In the second case, negative amortization results if an increase in the mortgage rate causes accrued monthly interest on a mortgage loan to exceed the limit on the size of the scheduled payment on the mortgage loan. In addition, ARM loans with payment options described above may produce negative amortization if the borrower chooses an option that does not cover the accrued interest on the ARM loan. If the scheduled payment is not sufficient to pay the accrued monthly interest on a negative amortization ARM loan, the amount of accrued monthly interest that exceeds the scheduled payment on the mortgage loans is added to the principal balance of the ARM loan and is to be repaid from future scheduled payments. Negatively amortizing ARM loans do not provide for the extension of their original stated maturity to accommodate changes in their mortgage rate. The accompanying prospectus supplement will specify whether the ARM loans underlying a series allow for negative amortization.

Bi-Weekly or Semi-Monthly Mortgage Loans. Certain mortgage loans may provide for payments by the borrowers every other week or twice each month during the term of the mortgage loan, rather than monthly payments.

Balloon Loans. Balloon Loans generally require a monthly payment of a pre-determined amount that will not fully amortize the loan until the maturity date, at which time the Balloon Amount will be due and payable. For Balloon Loans, payment of the Balloon Amount, which, based on the amortization schedule of those mortgage loans, is expected to be a substantial amount, will typically depend on the mortgagor's ability to obtain refinancing of the mortgage loan or to sell the mortgaged property prior to the maturity of the Balloon Loan. The ability to obtain refinancing will depend on a number of factors prevailing at the time refinancing or sale is required, including, without limitation, real estate values, the mortgagor's financial situation, the level of available mortgage loan interest

rates, the mortgagor's equity in the related mortgaged property, tax laws, prevailing general economic conditions and the terms of any related first lien mortgage loan. Neither the depositor, the master servicer nor any of their affiliates will be obligated to refinance or repurchase any mortgage loan or to sell the mortgaged property.

Collateral Characteristics

The accompanying prospectus supplement will also describe the type of collateral securing the mortgage loans. In addition to mortgage loans secured only by fee simple or leasehold interests on residential properties, each trust may include:

- Pledged Asset Mortgage Loans; and
- Additional Collateral Loans.

Pledged Asset Mortgage Loans. Each Pledged Asset will be held by a custodian for the benefit of the trustee for the trust in which the related Pledged Asset Mortgage Loan is held, and will be invested in investment obligations permitted by the rating agencies rating the related series of certificates. The amount of the Pledged Assets will be determined by the seller in accordance with its underwriting standards, but generally will not be more than an amount that, if applied to reduce the original principal balance of the mortgage loan, would reduce that principal balance to less than 70% of the appraised value of the mortgaged property.

If, following a default by the mortgagor and the liquidation of the related mortgaged property, there remains a loss on the related mortgage loan, the custodian will be instructed to pay to the master servicer or the subservicer on behalf of the trustee the amount of that loss, up to the pledged amount for the mortgage loan. If the mortgagor becomes a debtor in a bankruptcy proceeding, there is a significant risk that the Pledged Assets will not be available to be paid to the certificateholders, since the bankruptcy court may prevent the custodian from making these payments. At the mortgagor's request, and in accordance with some conditions, the Pledged Assets may be applied as a partial prepayment of the mortgage loan. The Pledged Assets will be released from the pledge if the outstanding principal balance of the mortgage loan has been reduced by the amount of the Pledged Assets.

Additional Collateral Loans. The Additional Collateral Requirement will generally terminate when the loan-to-value ratio, or LTV ratio, of the mortgage loan is reduced to a predetermined level, which generally will not be more than 80%, as a result of a reduction in the loan amount caused by principal payments by the mortgagor under the mortgage loan or an increase in the appraised value of the related mortgaged property.

The seller of the Additional Collateral Loan or the related subservicer, as applicable, will be required, in accordance with the master servicer's servicing guidelines or its normal servicing procedures, to attempt to realize on any Additional Collateral if the related Additional Collateral Loan is liquidated upon default. The right to receive proceeds from the realization of Additional Collateral upon any liquidation would be assigned to the related trustee. No assurance can be given as to the amount of proceeds, if any, that might be realized from such Additional Collateral and thereafter remitted to the trustee.

The prospectus supplement relating to any mortgage pool that includes a material amount of Additional Collateral Loans will describe the insurance company that will issue a limited purpose surety bond insuring any deficiency in the amounts realized by the

Additional Collateral Loan seller from the liquidation of Additional Collateral, up to the amount of the Additional Collateral Requirement. This surety bond will be issued by an insurance company whose claims-paying ability is rated in the highest long-term rating

category by each rating agency rating the applicable series of certificates or a similarly rated financial institution. For additional considerations concerning the Additional Collateral Loans, see "Certain Legal Aspects of Mortgage Loans-The Mortgage Loans-Anti-Deficiency Legislation and Other Limitations on Lenders."

Other Attributes

Each trust may also include mortgage loans with the attributes described below, which will be described further in the accompanying prospectus supplement as applicable.

Cooperative Loans. Cooperative Loans are evidenced by promissory notes secured by a first lien on the shares issued by Cooperatives and on the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific units within a Cooperative. As used in this prospectus, mortgage loans may include Cooperative Loans; mortgaged properties may include shares in the related Cooperative and the related proprietary leases or occupancy agreements securing Cooperative Notes; mortgage notes may include Cooperative Notes; and mortgages may include security agreements with respect to Cooperative Notes.

Prepayment Charges on the Mortgage Loans. In some cases, mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty. The prospectus supplement will disclose whether a material portion of the mortgage loans provide for payment of a prepayment charge if the mortgagor prepays within a specified time period. This charge may affect the rate of prepayment. The master servicer or another entity identified in the accompanying prospectus supplement will generally be entitled to all prepayment charges and late payment charges received on the mortgage loans and those amounts will not be available for payment on the certificates unless the prospectus supplement discloses that those charges will be available for payment. However, some states' laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. See "Certain Legal Aspects of Mortgage Loans and Contracts--Default Interest and Limitations on Prepayments."

"Equity Refinance" and "Rate and Term Refinance" Mortgage Loans. Some of the mortgage loans may be "equity refinance" mortgage loans, as to which a portion of the proceeds are used to refinance an existing mortgage loan, and the remaining proceeds may be retained by the mortgagor or used for purposes unrelated to the mortgaged property. Alternatively, the mortgage loans may be "rate and term refinance" mortgage loans, as to which substantially all of the proceeds, net of related costs incurred by the mortgagor, are used to refinance an existing mortgage loan or loans, primarily in order to change the interest rate or other terms of the existing mortgage loan. All of these types of loans are nevertheless secured by mortgaged properties.

Buy-Down Mortgage Loans. In the case of Buy-Down Mortgage Loans, the monthly payments made by the mortgagor during the Buy-Down Period will be less than the scheduled monthly payments on the mortgage loan, the resulting difference to be made up from:

- Buy-Down Funds contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account;
- if the Buy-Down Funds are contributed on a present value basis, investment earnings on the Buy-Down Funds; or

- additional Buy-Down Funds to be contributed over time by the mortgagor's employer or another source.

All Buy-Down Funds will be available to fund scheduled principal and interest payments on the related mortgage loans. See "Description of the Certificates-Payments on Mortgage Collateral-Buy-Down Mortgage Loans."

The Mortgaged Properties

The mortgaged properties may consist of attached or detached individual dwellings, Cooperative dwellings, individual or adjacent condominiums, units in condotels, townhouses, duplexes, row houses, modular pre-cut/panelized housing, manufactured homes, individual units or two-to four-unit dwellings in planned unit developments, two- to four-family dwellings and other attached dwelling units. A condotel generally provides the services of commercial hotels for residential occupants of units owned by the borrowers as vacation or investment property. Each mortgaged property, other than a Cooperative dwelling, will be located on land owned in fee simple by the mortgagor or, if specified in the accompanying prospectus supplement, land leased by the mortgagor. Attached dwellings may include structures where each mortgagor owns the land on which the unit is built with the remaining adjacent land owned in common, or dwelling units subject to a proprietary lease or occupancy agreement in an apartment building owned by a Cooperative. The proprietary lease or occupancy agreement securing a Cooperative Loan is subordinate, in most cases, to any blanket mortgage on the related cooperative apartment building or on the underlying land. Additionally, in the case of a Cooperative Loan, the proprietary lease or occupancy agreement may be terminated and the cooperative shares may be cancelled by the Cooperative if the tenant-stockholder fails to pay maintenance or other obligations or charges owed by the tenant-stockholder. See "Certain Legal Aspects of Mortgage Loans and Contracts."

The mortgaged properties may be owner-occupied or non-owner-occupied and may include vacation homes, second homes and investment properties. The percentage of mortgage loans that are owner-occupied will be disclosed in the accompanying prospectus supplement. The basis for any statement that a given percentage of the mortgage loans are secured by mortgage properties that are owner-occupied will be one or more of the following:

- the making of a representation by the mortgagor at origination of a mortgage loan that the mortgagor intends to use the mortgaged property as a primary residence;
- a representation by the originator of the mortgage loan, which may be based solely on the above clause; or
- the fact that the mailing address for the mortgagor is the same as the address of the mortgaged property.

Any representation and warranty in the related pooling and servicing agreement regarding owner-occupancy may be based solely on that information. Mortgage loans secured by investment properties, including two- to four-unit dwellings, may also be secured by an

assignment of leases and rents and operating or other cash flow guarantees relating to the mortgage loans.

Loan-to-Value Ratio

In the case of most purchase money mortgage loans, the LTV ratio is the ratio, expressed as a percentage, of the principal amount of the mortgage loan at origination to the lesser of (1) the appraised value determined in an appraisal obtained at origination of the mortgage loan and (2) the sales price for the related mortgaged property, except that in the case of certain employee or preferred customer loans, the denominator of such ratio may be the sales price. In some cases, in lieu of an appraisal, a valuation of the mortgaged property will be obtained from a service that provides an automated valuation. An automated valuation evaluates, through the use of computer models, various types of publicly available information, such as recent sales prices for similar homes within the same geographic area and within the same price range.

In the case of certain other mortgage loans, including purchase money, refinance, or converted mortgage loans, the LTV ratio at origination is defined in most cases as the ratio, expressed as a percentage, of the principal amount of the mortgage loan to either the appraised value determined in an appraisal obtained at the time of refinancing, modification or conversion or, if no such appraisal has been obtained, the value of the related mortgaged property, which value generally will be supported by either:

- a representation by the related mortgage collateral seller, as described below, as to such value;
- a broker's price opinion, automated valuation, drive-by appraisal or other certification of value;
- an appraisal obtained within twelve months prior to such refinancing, modification or conversion or, under the streamlined refinancing program described herein, an appraisal obtained within 24 months prior to such refinancing;
- the sales price, if the mortgaged property was purchased within the previous twelve months; or
- with respect to a contract made in connection with the mortgagor's purchase of a manufactured home, generally the sales price of the manufactured home or the amount determined by a professional appraiser.

In the case of some mortgage loans seasoned for over twelve months, the LTV ratio may be determined at the time of purchase from the related seller based on the ratio of the current loan amount to the current value of the mortgaged property. Appraised values may be determined by either:

- a statistical analysis;
- a broker's price opinion;
- an automated valuation, drive-by appraisal or other certification of value; or
- an appraisal obtained within 120 days of the purchase date, in which case the LTV ratio may be significantly lower than the ratio determined at origination.

The denominator of the applicable ratio described in the preceding three paragraphs is the appraised value. To the extent that the appraised value of the related mortgaged property has declined, the actual LTV ratio as to such mortgage loan will be higher than the LTV ratio set forth for that mortgage loan in the accompanying prospectus supplement. In connection with a representation by the related seller as to the value of the mortgaged property, the seller in most cases will represent and warrant that either (i) the current value of the related mortgaged property at the time of refinancing, modification or conversion was not less than the appraised value of the related property at the time of the origination of the original mortgage loan or (ii) the current LTV ratio of the mortgage loan generally meets the depositor's underwriting guidelines. There can be no assurance that the substance of that representation and warranty will be true.

Some of the mortgage loans that are subject to negative amortization will have LTV ratios that will increase after origination as a result of their negative amortization. In the case of some seasoned mortgage loans, the values used in calculating LTV ratios may no longer be accurate valuations of the mortgaged properties. Some mortgaged properties may be located in regions where property values have declined significantly since the time of origination. In addition, the LTV ratio does not take into account any secondary financing. Under the depositor's underwriting standards, a mortgage collateral seller is usually permitted to provide secondary financing to a mortgagor contemporaneously with the origination of a mortgage loan, provided that the combined LTV ratio is not greater than 100%. Secondary financing is readily available and may be obtained by a mortgagor from a lender, including the mortgage collateral seller, at any time, including at origination.

Underwriting Policies

The depositor 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. All of the mortgage loans constituting the mortgage pool for a series of certificates will have been acquired either directly or indirectly by the depositor through the Expanded Criteria Program, which is described below under "-The Expanded Criteria Mortgage Program."

The mortgage loans in any mortgage pool may be underwritten by Residential Funding Corporation, a seller or a designated third party through the use of an automated underwriting system. In the case of a Designated Seller Transaction, the mortgage loans may be underwritten by the designated seller or a designated third party through the use of

an automated underwriting system. For additional information regarding automated underwriting systems that are used by Residential Funding Corporation to review some of the mortgage loans that it purchases and that may be included in any mortgage pool, see "-Automated Underwriting," below.

General Standards

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. 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 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 mortgaged property consisting of vacation or second homes, no income derived from the property will have been considered for underwriting purposes. 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.

If specified in the accompanying prospectus supplement, a mortgage pool may include mortgage loans that 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 be treated as having been underwritten pursuant to the same underwriting documentation program as the mortgage loan that it refinanced, including for purposes of the disclosure in the accompanying prospectus supplement.

If specified in the accompanying prospectus supplement, some mortgage loans may have been originated under "limited documentation," "stated documentation" or "no documentation" programs that require less documentation and verification than do traditional "full documentation" programs. Under a limited documentation, stated documentation or no documentation program, minimal investigation into the mortgagor's credit history and income profile is undertaken by the originator and the underwriting may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination.

The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "-Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

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. In fact, some states where the mortgaged properties may be located have "anti-deficiency" laws requiring, in general, that lenders providing credit on single family property look solely to the property for repayment in the event of foreclosure. See "Certain Legal Aspects of Mortgage Loans and Contracts." Any of these factors could change nationwide or merely could affect a locality or region in which all or some of the mortgaged properties are located. However, declining values of real estate, as experienced

periodically in certain regions, or increases in the principal balances of some mortgage loans, such as GPM Loans and negative amortization ARM loans, could cause the principal balance of some or all of these mortgage loans to exceed the value of the mortgaged properties.

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. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses. The originator's guidelines for mortgage loans will, in most cases, specify that scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would 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.

The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically

will review a sample of the mortgage loans purchased by Residential Funding Corporation 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. 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 Corporation 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 addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of drive-by appraisals, automated valuations or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends. These alternative valuation methods may not be as reliable as the type of mortgagor financial information or appraisals that are typically obtained at origination. In its underwriting analysis, Residential Funding Corporation may also consider the applicable 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 the depositor.

With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically 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 a given set of underwriting standards 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 a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards. In the case of a Designated Seller Transaction, the applicable underwriting standards will be those of the seller or of the originator of the mortgage loans and will be described in the accompanying prospectus supplement.

Credit Scores are obtained by some mortgage lenders in connection with mortgage loan applications to help assess a borrower's creditworthiness. In addition, Credit Scores may be obtained by Residential Funding Corporation or the designated seller after the origination of a mortgage loan if the seller does not provide to Residential Funding Corporation or the designated seller a Credit Score. Credit Scores are obtained from credit reports provided by various credit reporting organizations, each of which may employ differing computer models and methodologies.

The Credit Score is designed to assess a borrower's credit history at a single point in time, using objective information currently on file for the borrower at a particular credit reporting organization. Information used to create a Credit Score may include, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. Credit Scores range from approximately 350 to approximately 840, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a Credit Score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, i.e., a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. In addition, it should be noted that Credit Scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of a mortgage loan. In most cases, mortgage loans generally amortize over a 15- to 30-year period. Furthermore, Credit Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general, and assess only the borrower's past credit history. Therefore, in most cases, a Credit Score does not take into consideration the differences between mortgage loans and consumer loans, or the specific characteristics of the related mortgage loan, including the LTV ratio, the collateral for the mortgage loan, or the debt to income ratio. There can be no assurance that the Credit Scores of the mortgagors will be an accurate predictor of the likelihood of repayment of the related mortgage loans or that any mortgagor's Credit Score would not be lower if obtained as of the date of the accompanying prospectus supplement.

Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses. ARM loans, Buy-Down Mortgage Loans, graduated payment mortgage loans and any other mortgage loans will generally be underwritten on the basis of the borrower's ability to make monthly payments as determined by reference to the mortgage rates in effect at origination or the reduced initial monthly payments, as the case may be, and on the basis of an assumption that the borrowers will likely be able to pay the higher monthly payments that may result from later increases in the mortgage rates or from later increases in the monthly payments, as the case may be, at the time of the increase even though the borrowers may not be able to make the higher payments at the time of origination. The mortgage rate in effect from the origination date of an ARM loan or other types of loans to the first adjustment date are likely to be lower, and may be significantly lower, than the sum of the then applicable index and Note Margin. Similarly, the amount of the monthly payment on Buy-Down Mortgage Loans and graduated payment mortgage loans will increase periodically. If the borrowers' incomes do not increase in an amount commensurate with the increases in monthly payments, the likelihood of default will increase. In addition, in the case of either ARM loans or graduated payment mortgage loans that are subject to negative amortization, due to the addition of deferred interest the principal balances of those mortgage loans are more likely to equal or exceed the value of the underlying mortgaged properties, thereby increasing the likelihood of defaults and losses. With respect to Balloon Loans, payment of the Balloon Amount will depend on the borrower's ability to obtain refinancing or to sell the mortgaged

property prior to the maturity of the Balloon Loan, and there can be no assurance that refinancing will be available to the borrower or that a sale will be possible.

The Expanded Criteria Mortgage Program

Residential Funding Corporation's Expanded Criteria Program is designed for borrowers with good credit who may have difficulty obtaining traditional financing due to loan characteristics, such as a 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 Corporation'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 the depositor's affiliate, Residential Funding Corporation, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. For example, the Expanded Criteria Program may include mortgage loans with higher LTV ratios and larger principal balances, mortgage loans secured by smaller or larger parcels of land or by investment properties, mortgage loans with LTV ratios in excess of 80% that do not require primary mortgage insurance and mortgage loans made to borrowers who are self-employed or are not required to state their income. The applicable underwriting standards are revised based on changing conditions in the residential mortgage market and the market for the depositor's mortgage pass-through certificates and may also be waived by Residential Funding Corporation from time to time. The prospectus supplement for each series of certificates secured by mortgage loans purchased pursuant to the Expanded Criteria Program will describe the general underwriting criteria applicable to such mortgage loans, as well as any material changes to the general standard described above.

A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria. Residential Funding Corporation may conduct this review using an automated underwriting system. See "--Automated Underwriting" below. Any determination of underwriting eligibility using an automated system will only be based on the information entered into the system and the information that the system is programmed to review. See "Underwriting Policies" above. A portion of the mortgage loans will be purchased in negotiated transactions, which may be governed by master commitment agreements relating to ongoing purchases of mortgage loans by Residential Funding Corporation or the designated seller. The sellers who sell to Residential Funding Corporation or the designated seller pursuant to master commitment agreements will represent to Residential Funding Corporation or the designated seller that the mortgage loans have been originated in accordance with underwriting standards agreed to by Residential Funding Corporation or the designated seller, as applicable. Some other mortgage loans will be purchased from Expanded Criteria Program Sellers who will represent to Residential Funding Corporation or the designated seller that the mortgage loans were originated under underwriting standards determined by a mortgage insurance company or third-party origination system acceptable to Residential Funding Corporation or the designated seller. Residential Funding Corporation or the designated seller may accept a certification from an insurance company as to the mortgage loan's insurability in a mortgage pool as of the date of certification as evidence of the mortgage loan conforming to applicable underwriting standards. The certifications will likely have been issued before the purchase of the mortgage loan by Residential Funding Corporation, the designated seller, or the depositor.

Automated Underwriting

In recent years, the use of automated underwriting systems has become commonplace in the residential mortgage market. Residential Funding Corporation 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 Corporation'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 Corporation enters information into the automated underwriting system using documentation delivered to Residential Funding Corporation 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 Corporation will accept or reject the mortgage loan. For most mortgage collateral sellers, Residential Funding Corporation will conduct a limited review of the mortgage loan documentation. If that limited review does not detect any material deviations from the applicable underwriting criteria, Residential Funding Corporation 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 Corporation 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 Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans.

Because an automated underwriting system will only consider the information that it is programmed to review, which may be more limited than the information that could be considered in the course of a manual review, the results of an automated underwriting review may not be consistent with the results of a manual review. In addition, there could be programming inconsistencies between an automated underwriting system and the underwriting criteria set forth in Residential Funding Corporation's Seller Guide, which could, in turn, be applied to numerous mortgage loans the system reviews. We cannot assure you that an automated underwriting review will in all cases result in the same determination as a manual review with respect to whether a mortgage loan satisfies Residential Funding Corporation's underwriting criteria.

The Contracts

General

The trust for a series may include a contract pool evidencing interests in contracts originated by one or more manufactured housing dealers, or such other entity or entities described in the accompanying prospectus supplement. Each contract will be secured by a manufactured home. The contracts will be fully amortizing or, if specified in the accompanying prospectus supplement, Balloon Loans.

The manufactured homes securing the contracts will consist of "manufactured homes" within the meaning of 42 U.S.C. § 5402(6), which are treated as "single family residences" for the purposes of the REMIC provisions of the Internal Revenue Code of 1986, or Internal Revenue Code. Accordingly, a manufactured home will be a structure built on a permanent chassis, which is transportable in one or more sections and customarily used at a fixed location, has a minimum of 400 square feet of living space and minimum width in excess of 8 1/2 feet, is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein.

Underwriting Policies

Conventional contracts will comply with the underwriting policies of the applicable originator or mortgage collateral seller, which will be described in the accompanying prospectus supplement. .

With respect to a contract made in connection with the mortgagor's purchase of a manufactured home, the appraised value is usually the sales price of the manufactured home or the amount determined by a professional appraiser. The appraiser must personally inspect the manufactured home and prepare a report that includes market data based on recent sales of comparable manufactured homes and, when deemed applicable, a replacement cost analysis based on the current cost of a similar manufactured home. The LTV ratio for a contract in most cases will be equal to the original principal amount of the contract divided by the lesser of the appraised value or the sales price for the manufactured home. However, an appraisal of the manufactured home generally will not be required.

The Agency Securities

Government National Mortgage Association

Ginnie Mae is a wholly-owned corporate instrumentality of the United States within HUD. Section 306(g) of Title III of the National Housing Act of 1934, as amended, referred to in this prospectus as the Housing Act, authorizes Ginnie Mae to guarantee the timely payment of the principal of and interest on certificates representing interests in a pool of mortgages insured by the FHA, under the Housing Act or under Title V of the Housing Act of 1949, or partially guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended, or under Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection." In order to meet its obligations under any such guarantee, Ginnie Mae may, under Section 306(d) of the Housing Act, borrow from the United

States Treasury an amount that is at any time sufficient to enable Ginnie Mae to perform its obligations under its guarantee. See "Additional Information" for the availability of further information regarding Ginnie Mae and Ginnie Mae securities.

Ginnie Mae Securities

In most cases, each Ginnie Mae security relating to a series, which may be a Ginnie Mae I Certificate or a Ginnie Mae II Certificate as referred to by Ginnie Mae, will be a "fully modified pass-through" mortgage-backed certificate issued and serviced by a mortgage banking company or other financial concern approved by Ginnie Mae, except with respect to any stripped mortgage-backed securities guaranteed by Ginnie Mae or any REMIC securities issued by Ginnie Mae. The characteristics of any Ginnie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Federal Home Loan Mortgage Corporation

Freddie Mac is a corporate instrumentality of the United States created under Title III of the Emergency Home Finance Act of 1970, as amended, or the Freddie Mac Act. Freddie Mac was established primarily for the purpose of increasing the availability of mortgage credit for the financing of needed housing. The principal activity of Freddie Mac currently consists of purchasing first-lien, conventional, residential mortgage loans or participation interests in such mortgage loans and reselling the mortgage loans so purchased in the form of guaranteed mortgage securities, primarily Freddie Mac securities. In 1981, Freddie Mac initiated its Home Mortgage Guaranty Program under which it purchases mortgage loans from sellers with Freddie Mac securities representing interests in the mortgage loans so purchased. All mortgage loans purchased by Freddie Mac must meet certain standards described in the Freddie Mac Act. Freddie Mac is confined to purchasing, so far as practicable, mortgage loans that it deems to be of such quality and type that generally meets the purchase standards imposed by private institutional mortgage investors. See "Additional Information" for the availability of further information regarding Freddie Mac and Freddie Mac securities. Neither the United States nor any agency thereof is obligated to finance Freddie Mac's operations or to assist Freddie Mac in any other manner.

Freddie Mac Securities

In most cases, each Freddie Mac security relating to a series will represent an undivided interest in a pool of mortgage loans that typically consists of conventional loans, but may include FHA loans and VA loans, purchased by Freddie Mac, except with respect to any stripped mortgage-backed securities issued by Freddie Mac. Each such pool will consist of mortgage loans, substantially all of which are secured by one- to four-family residential properties or, if specified in the accompanying prospectus supplement, are secured by multi-family residential properties. The characteristics of any Freddie Mac securities included in the trust for a series of certificates will be described

in the accompanying prospectus supplement.

Federal National Mortgage Association

Fannie Mae is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. § 1716 et seq.). It is the nation's largest supplier of residential mortgage funds. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the

mortgage market primarily by purchasing home mortgage loans from local lenders, thereby replenishing their funds for additional lending. See "Additional Information" for the availability of further information respecting Fannie Mae and Fannie Mae securities. Although the Secretary of the Treasury of the United States has authority to lend Fannie Mae up to $2.25 billion outstanding at any time, neither the United States nor any agency thereof is obligated to finance Fannie Mae's operations or to assist Fannie Mae in any other manner.

Fannie Mae Securities

In most cases, each Fannie Mae security relating to a series will represent a fractional undivided interest in a pool of mortgage loans formed by Fannie Mae, except with respect to any stripped mortgage-backed securities issued by Fannie Mae. Mortgage loans underlying Fannie Mae securities will consist of fixed, variable or adjustable-rate conventional mortgage loans or fixed-rate FHA loans or VA loans. Such mortgage loans may be secured by either one- to four-family or multi-family residential properties. The characteristics of any Fannie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Mortgage Collateral Sellers

The mortgage collateral to be included in a trust will be purchased by the depositor directly or indirectly, through Residential Funding Corporation or other affiliates, from mortgage collateral sellers that may be banks, savings and loan associations, credit unions, insurance companies, mortgage bankers, investment banking firms, insurance companies, the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor. The mortgage collateral sellers may include Homecomings Financial Network, Inc. and GMAC Mortgage Corporation and its affiliates, each of which is an affiliate of the depositor. Such purchases may occur by one or more of the following methods:

- one or more direct or indirect purchases from unaffiliated sellers, which may occur simultaneously with the issuance of the certificates or which may occur over an extended period of time;
- one or more direct or indirect purchases through the Expanded Criteria Program; or
- one or more purchases from affiliated sellers.

Mortgage loans may be purchased under agreements relating to ongoing purchases of mortgage loans by Residential Funding Corporation. The prospectus supplement for a series of certificates will disclose the method or methods used to acquire the mortgage collateral for the series. The depositor may issue one or more classes of certificates to a mortgage collateral seller as consideration for the purchase of the mortgage collateral securing such series of certificates, if so described in the accompanying prospectus supplement.

Qualifications of Sellers

Each Expanded Criteria Program Seller is selected by Residential Funding Corporation on the basis of criteria described in the Seller Guide. In determining whether to approve a mortgage collateral seller, Residential Funding Corporation generally considers, among other things: the financial status of the mortgage collateral seller; the previous experience of the mortgage collateral seller in originating mortgage loans and its potential origination volumes; the prior delinquency and loss experience of the mortgage collateral seller (if available); the underwriting standards employed by the mortgage

collateral seller and its quality control procedures; and, if applicable, the servicing operations of the mortgage collateral seller. In order to be approved for participation in the Expanded Criteria Program, mortgage collateral sellers are generally required to have a net worth of at least $500,000, although this amount can be reduced if certain compensating factors, including guarantees or pricing concessions, are present. An Expanded Criteria Program Seller may be an affiliate of the depositor, and the depositor presently anticipates that GMAC Mortgage Corporation and Homecomings Financial Network, Inc., each an affiliate of the depositor, will be Expanded Criteria Program Sellers.

There can be no assurance that any Expanded Criteria Program Seller presently meets any qualifications or will continue to meet any qualifications at the time of inclusion of mortgage collateral sold by it in the trust for a series of certificates, or thereafter. If an Expanded Criteria Program Seller becomes subject to the direct or indirect control of the FDIC, or if an Expanded Criteria Program Seller's net worth, financial performance or delinquency and foreclosure rates are adversely impacted, the institution may continue to be treated as an Expanded Criteria Program Seller. Any event may adversely affect the ability of any such Expanded Criteria Program Seller to repurchase mortgage collateral in the event of a breach of a representation or warranty which has not been cured. See "-Repurchases of Mortgage Collateral" below.

Representations with Respect to Mortgage Collateral

Except in the case of a Designated Seller Transaction, Residential Funding Corporation will provide with respect to each mortgage loan, including Expanded Criteria Program loans, or contracts constituting a part of the trust, all of the representations and warranties required by the rating agency or agencies rating a specific series of

certificates. In a Designated Seller Transaction, the Designated Seller would make substantially the same representations and warranties, which are not expected to vary in any material respect. Residential Funding Corporation will generally represent and warrant that:

- as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects;
- except in the case of Cooperative Loans, a policy of title insurance in the form and amount required by the Seller Guide or an equivalent protection was effective or an attorney's certificate was received at origination, and each policy remained in full force and effect on the date of sale of the related mortgage loan or contract to the depositor;
- to the best of Residential Funding Corporation's knowledge, if required by applicable underwriting standards, the mortgage loan or contract is the subject of a primary insurance policy;
- Residential Funding Corporation had good title to the mortgage loan or contract and the mortgage loan or contract is not subject to offsets, defenses or counterclaims except as may be provided under the Servicemembers Civil Relief Act, as amended, or Relief Act, and except with respect to any buy-down agreement for a Buy-Down Mortgage Loan;
- each mortgaged property is free of material damage and is in good repair;
- each mortgage loan complied in all material respects with all applicable local, state and federal laws at the time of origination;

- the mortgage loan or contract was not 30 or more days delinquent in payment of principal and interest as of the related cut-off date and was not so delinquent more than once during the twelve month period to the cut-off date; and
- there is no delinquent tax or assessment lien against the related mortgaged property.

In the event of a breach of a representation or warranty made by Residential Funding Corporation that materially adversely affects the interests of the certificateholders in the mortgage loan or contract, Residential Funding Corporation will be obligated to repurchase any mortgage loan or contract or substitute for the mortgage loan or contract as described below. In addition, except in the case of a Designated Seller Transaction, Residential Funding Corporation will be obligated to repurchase or substitute for any mortgage loan as to which it is discovered that the related mortgage does not create a valid lien having at least the priority represented and warranted in the related pooling and servicing agreement on or, in the case of a contract or a Cooperative Loan, a perfected security interest in, the related mortgaged property, subject only to the following:

- liens of real property taxes and assessments not yet due and payable;
- covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage and certain other permissible title exceptions; and
- other encumbrances to which like properties are commonly subject which do not materially adversely affect the value, use, enjoyment or marketability of the mortgaged property.

In addition, except in the case of a Designated Seller Transaction, with respect to any mortgage loan or contract as to which the depositor delivers to the trustee or the custodian an affidavit certifying that the original mortgage note or contract has been lost or destroyed, if the mortgage loan or contract subsequently is in default and the enforcement thereof or of the related mortgage or contract is materially adversely affected by the absence of the original mortgage note or contract, Residential Funding Corporation will be obligated to repurchase or substitute for such mortgage loan or contract in the manner described below under "-Repurchases of Mortgage Collateral" and "-Limited Right of Substitution."

Mortgage collateral sellers will typically make certain representations and warranties regarding the characteristics of the mortgage collateral that they sell. However, mortgage collateral purchased from certain unaffiliated sellers may be purchased with very limited or no representations and warranties. In addition, Residential Funding Corporation and the depositor will not assign to the trustee for the benefit of the certificateholders any of the representations and warranties made by a mortgage collateral seller regarding mortgage collateral or any remedies provided for any breach of those representations and warranties. Accordingly, unless the accompanying prospectus supplement discloses that additional representations and warranties are made by the mortgage collateral seller or other person for the benefit of the certificateholders, the only representations and warranties that will be made for the benefit of the certificateholders will be the limited representations and warranties of Residential Funding Corporation described above. If a breach of a representation and warranty made by a mortgage collateral seller is discovered that materially and adversely affects the interests of the certificateholders and that representation and warranty has been assigned to the trustee for the benefit of the certificateholders, the master servicer will be required to use its best reasonable efforts to enforce the obligation of the mortgage collateral seller to cure such breach or repurchase the mortgage collateral.

Repurchases of Mortgage Collateral

If a designated seller or Residential Funding Corporation cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to an item of mortgage collateral within 90 days after notice from the master servicer, the servicer, the Certificate Administrator or the trustee, and the breach materially and adversely affects the interests of the certificateholders in the

item of mortgage collateral, the designated seller or Residential Funding Corporation as the case may be, will be obligated to purchase the item of mortgage collateral at a price described in the related pooling and servicing agreement or trust agreement. Likewise, as described under "Description of the Certificates-Review of Mortgage Loan or Contract Documents," if the designated seller or Residential Funding Corporation cannot cure certain documentary defects with respect to a mortgage loan or contract, the designated seller or Residential Funding Corporation, as applicable, will be required to repurchase the item of mortgage collateral. The purchase price for any item of mortgage collateral will be equal to the principal balance thereof as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount, expressed as a percentage per annum, payable in respect of servicing or administrative compensation and the Spread, if any. In certain limited cases, a substitution may be made in lieu of such repurchase obligation. See "-Limited Right of Substitution" below.

Because the listing of the related mortgage collateral generally contains information with respect to the mortgage collateral as of the cut-off date, prepayments and, in certain limited circumstances, modifications to the interest rate and principal and interest payments may have been made with respect to one or more of the related items of mortgage collateral between the cut-off date and the closing date. Neither Residential Funding Corporation nor any seller will be required to repurchase or substitute for any item of mortgage collateral as a result of any such prepayment or modification.

The master servicer, the servicer or the Certificate Administrator, as applicable, will be required under the applicable pooling and servicing agreement or trust agreement to use its best reasonable efforts to enforce the repurchase obligation of the designated seller or Residential Funding Corporation of which it has knowledge due to a breach of a representation and warranty that was made to or assigned to the trustee (to the extent applicable), or the substitution right described below, for the benefit of the trustee and the certificateholders, using practices it would employ in its good faith business judgment and which are normal and usual in its general mortgage servicing activities. The master servicer is not obligated to review, and will not review, every loan that is in foreclosure or is delinquent to determine if a breach of a representation and warranty has occurred. The master servicer will maintain policies and procedures regarding repurchase practices that are consistent with its general servicing activities. These policies and procedures generally will limit review of loans that are seasoned and these policies and procedures are subject to change, in good faith, to reflect the master servicer's current servicing activities. Application of these policies and procedures may result in losses being borne by the related credit enhancement and, to the extent not available, the related certificateholders.

Furthermore, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. In accordance with the above described practices, the master servicer or servicer will not be required to enforce any purchase obligation of a designated seller, Residential Funding Corporation or seller arising from any misrepresentation by the

designated seller, Residential Funding Corporation or seller, if the master servicer or servicer determines in the reasonable exercise of its business judgment that the matters related to the misrepresentation did not directly cause or are not likely to directly cause a loss on the related mortgage loan. In the case of a Designated Seller Transaction where the seller fails to repurchase a mortgage loan and neither the depositor, Residential Funding Corporation nor any other entity has assumed the representations and warranties, the repurchase obligation of the seller will not become an obligation of the depositor or Residential Funding Corporation. The foregoing obligations will constitute the sole remedies available to certificateholders or the trustee for a breach of any representation by Residential Funding Corporation in its capacity as a seller of mortgage loans to the depositor, or for any other event giving rise to the obligations.

Neither the depositor nor the master servicer or servicer will be obligated to purchase a mortgage loan if a designated seller defaults on its obligation to do so, and no assurance can be given that the designated sellers will carry out those obligations with respect to mortgage loans. This type of default by a designated seller is not a default by the depositor or by the master servicer or servicer. Any mortgage loan not so purchased or substituted for shall remain in the related trust and any losses related thereto shall be allocated to the related credit enhancement, and to the extent not available, to the related certificates.

Limited Right of Substitution

In the case of a mortgage loan or contract required to be repurchased from the trust the related mortgage collateral seller, a designated seller or Residential Funding Corporation, as applicable, may substitute a new mortgage loan or contract for the repurchased mortgage loan or contract that was removed from the trust, during the limited time period described below. Under some circumstances, any substitution must be effected within 120 days of the date of the issuance of the certificates with respect to a trust. With respect to a trust for which a REMIC election is to be made, the substitution must be effected within two years of the date of the issuance of the certificates, and may not be made unless an opinion of counsel is delivered to the effect that the substitution would not cause the trust to fail to qualify as a REMIC and either (a) an opinion of counsel is delivered to the effect that such substitution would not result in a prohibited transaction tax under the Internal Revenue Code or (b) the trust is indemnified for any prohibited transaction tax that may result from the substitution.

In most cases, any qualified substitute mortgage loan or qualified substitute contract will, on the date of substitution:

- have an outstanding principal balance, after deduction of the principal portion of the monthly payment due in the month of substitution, not in excess of the outstanding principal balance of the repurchased mortgage loan or repurchased contract;
- have a mortgage rate and a Net Mortgage Rate not less than, and not more than one percentage point greater than, the mortgage rate and Net Mortgage Rate, respectively, of the repurchased mortgage loan or repurchased contract as of the date of substitution;
- have an LTV ratio at the time of substitution no higher than that of the repurchased

mortgage loan or repurchased contract at the time of substitution;

- have a remaining term to maturity not greater than, and not more than one year less than, that of the repurchased mortgage loan or repurchased contract;

- be secured by mortgaged property located in the United States, unless the repurchased mortgage loan was a Puerto Rico mortgage loan, in which case the qualified substitute mortgage loan may be a Puerto Rico mortgage loan; and

- comply with all of the representations and warranties described in the related pooling and servicing agreement as of the date of substitution.

If the outstanding principal balance of a qualified substitute mortgage loan or qualified substitute contract is less than the outstanding principal balance of the related repurchased mortgage loan or repurchased contract, the amount of the shortfall shall be deposited into the Custodial Account in the month of substitution for distribution to the related certificateholders. The related pooling and servicing agreement may include additional requirements relating to ARM loans or other specific types of mortgage loans or contracts, or additional provisions relating to meeting the foregoing requirements on an aggregate basis where a number of substitutions occur contemporaneously. The prospectus supplement will indicate whether a Designated Seller will have the option to substitute for a mortgage loan or contract that it is obligated to repurchase in connection with a breach of a representation and warranty.

DESCRIPTION OF THE CERTIFICATES

General

The certificates will be issued in series. Each series of certificates or, in some instances, two or more series of certificates, will be issued under a pooling and servicing agreement or, in the case of certificates backed by mortgage securities, a trust agreement, similar to one of the forms filed as an exhibit to the registration statement under the Securities Act of 1933, as amended, with respect to the certificates of which this prospectus is a part. Each pooling and servicing agreement or trust agreement will be filed with the Securities and Exchange Commission as an exhibit to a Form 8-K. The following summaries, together with additional summaries under "The Pooling and Servicing Agreement" below, describe all material terms and provisions relating to the certificates common to each pooling and servicing agreement or trust agreement. All references to a "pooling and servicing agreement" and any discussion of the provisions of any pooling and servicing agreement will also apply to trust agreements. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the pooling and servicing agreement for each trust and the accompanying prospectus supplement.

Each series of certificates may consist of any one or a combination of the following types of certificates:

Accretion Directed	A class that receives principal payments from the accreted interest from specified accrual classes. An accretion directed class also may receive principal payments from principal paid on the underlying pool of assets.
Accrual	A class that accretes the amount of accrued interest otherwise distributable on the class, which amount will be added as principal to the principal balance of the class on each applicable distribution date. The accretion may continue until some specified event has occurred or until the accrual class is retired.
Companion	A class that receives principal payments on any distribution date only if scheduled payments have been made on specified planned principal classes, targeted principal classes or scheduled principal classes.
Component	A class consisting of "components." The components of a class of component certificates may have different principal and interest payment characteristics but together constitute a single class. Each component of a class of component certificates may be identified as falling into one or more of the categories in this chart.
Fixed Rate	A class with an interest rate that is fixed throughout the life of the class.
Floating Rate	A class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
Interest Only	A class having no principal balance and bearing interest on the related notional amount. The notional amount is used for purposes of the determination of interest distributions.
Inverse Floating Rate	A class with an interest rate that

	resets periodically based upon a designated index and that varies inversely with changes in the index.
Lockout.....	A class that, for the period of time specified in the related prospectus supplement, generally will not receive (in other words, is locked out of) (1) principal prepayments on the underlying pool of assets that are allocated disproportionately to the senior certificates because of the shifting interest structure of the certificates in the trust and/or (2) scheduled principal payments on the underlying pool of assets, as specified in the related prospectus supplement. During the lock-out period, the portion of the principal

	distributions on the underlying pool of assets that the lockout class is locked out of will be distributed to the other classes of senior certificates.
Partial Accrual.....	A class that accretes a portion of the amount of accrued interest on it, which amount will be added to the principal balance of the class on each applicable distribution date, with the remainder of the accrued interest to be distributed currently as interest on the class. The accretion may continue until a specified event has occurred or until the partial accrual class is retired.
Principal Only.....	A class that does not bear interest and is entitled to receive only distributions of principal.
Planned Principal or PACs.....	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the "structuring range" for the planned principal class. The planned principal classes in any series of certificates may be subdivided into different categories (e.g., primary planned principal classes, secondary planned principal classes and so forth) having different effective structuring ranges and different principal payment priorities. The structuring range for the secondary planned principal class of a series of certificates will be narrower than that for the primary planned principal class of the series.
Scheduled Principal.....	A class that is designed to receive principal payments using a predetermined principal balance schedule but is not designated as a planned principal class or targeted principal class. In many cases, the schedule is derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the "structuring range" for the scheduled principal class.
Senior Support.....	A class that absorbs the realized losses other than excess losses that would otherwise be allocated to a Super Senior class after the related classes of subordinated certificates are no longer outstanding.
Sequential Pay.....	Classes that receive principal payments in a prescribed sequence, that do not have predetermined principal balance schedules and that under all circumstances receive payments of principal continuously from the first distribution date on which they receive principal until they are retired. A single class that

	receives principal payments before or after all other classes in the same series of certificates may be identified as a sequential pay class.

Super Senior.....	A class that will not bear its proportionate share of realized losses (other than excess losses) as its share is directed to another class, referred to as the "senior support class" until the class certificate balance of the support class is reduced to zero.
Targeted Principal or TACs.....	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming a single constant prepayment rate for the underlying pool of assets.
Variable Rate.....	A class with an interest rate that resets periodically and is calculated by reference to the rate or rates of interest applicable to specified assets or instruments (e.g., the mortgage rates borne by the underlying mortgage loans).

Credit support for each series of certificates may be provided by a mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, bankruptcy bond, letter of credit, purchase obligation, reserve fund, certificate insurance policy, surety bond or other credit enhancement as described under "Description of Credit Enhancement," or by the subordination of one or more classes of certificates as described under "Subordination" or by any combination of the foregoing.

Form of Certificates

As specified in the accompanying prospectus supplement, the certificates of each series will be issued either as physical certificates or in book-entry form. If issued as physical certificates, the certificates will be in fully registered form only in the denominations specified in the accompanying prospectus supplement, and will be transferable and exchangeable at the corporate trust office of the certificate registrar appointed under the related pooling and servicing agreement to register the certificates. No service charge will be made for any registration of exchange or transfer of certificates, but the trustee may require payment of a sum sufficient to cover any tax or other governmental charge. The term certificateholder or holder refers to the entity whose name appears on the records of the certificate registrar or, if applicable, a transfer agent, as the registered holder of the certificate.

If issued in book-entry form, the classes of a series of certificates will be initially issued through the book-entry facilities of The Depository Trust Company, or DTC. No global security representing book-entry certificates may be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to another nominee of DTC. Thus, DTC or its nominee will be the only registered holder of the certificates and will be considered the sole representative of the beneficial owners of certificates for all purposes.

The registration of the global securities in the name of Cede & Co. will not affect beneficial ownership and is performed merely to facilitate subsequent transfers. The book-entry system is also used because it eliminates the need for physical movement of securities. The laws of some jurisdictions, however, may require some purchasers to take physical delivery of their securities in definitive form. These laws may impair the ability to own or transfer book-entry certificates.

Purchasers of securities in the United States may hold interests in the global certificates through DTC, either directly, if they are participants in that system, or otherwise indirectly through a participant in DTC. Purchasers of securities in Europe may hold interests in the global securities through Clearstream, Luxembourg, or through Euroclear Bank S.A./N.V., as operator of the Euroclear system.

Because DTC will be the only registered owner of the global securities, Clearstream, Luxembourg and Euroclear will hold positions through their respective U.S. depositories, which in turn will hold positions on the books of DTC.

DTC is a limited-purpose trust company organized under the laws of the State of New York, which holds securities for its DTC participants, which include securities brokers and dealers, banks, trust companies and clearing corporations. DTC together with the Clearstream and Euroclear System participating organizations facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in the accounts of participants. Other institutions that are not participants but indirect participants which clear through or maintain a custodial relationship with participants have indirect access to DTC's clearance system.

No beneficial owner of an interest in any book-entry certificate will be entitled to receive a certificate representing that interest in registered, certificated form, unless either (i) DTC ceases to act as depository for that certificate and a successor depository is not obtained, or (ii) the depositor notifies DTC of its intent to terminate the book-entry system and, upon receipt of a notice of intent from DTC, the participants holding beneficial interests in the book-entry certificates agree to initiate a termination. Upon the occurrence of one of the foregoing events, the trustee is required to notify, through DTC, participants who have ownership of DTC registered certificates as indicated on the records of DTC of the availability of definitive certificates for their DTC registered certificates. Upon surrender by DTC of the definitive certificates representing the DTC registered certificates and upon receipt of instructions from DTC for re-registration, the trustee will reissue the DTC registered certificates as definitive certificates issued in the respective principal amounts owned by individual beneficial owners, and thereafter the trustee and the master servicer will recognize the holders of the definitive certificates as certificateholders under the pooling and servicing agreement.

Prior to any such event, beneficial owners will not be recognized by the trustee, the master servicer, the servicer or the Certificate Administrator as holders of the related certificates for purposes of the pooling and servicing agreement, and beneficial owners will be able to exercise their rights as owners of their certificates only indirectly through DTC, participants and indirect participants.

Any beneficial owner that desires to purchase, sell or otherwise transfer any interest in book-entry certificates may do so only through DTC, either directly if the beneficial owner is a participant or indirectly through participants and, if applicable, indirect participants. Under the procedures of DTC, transfers of the beneficial ownership of any book-entry certificates will be required to be made in minimum denominations specified in the accompanying prospectus supplement. The ability of a beneficial owner to

pledge book-entry certificates to persons or entities that are not participants in the DTC system, or to otherwise act for the certificates, may be limited because of the lack of physical certificates evidencing the certificates and because DTC may act only on behalf of participants.

Because of time zone differences, the securities account of a Clearstream or Euroclear System participant as a result of a transaction with a DTC participant, other than a depositary holding on behalf of Clearstream or Euroclear System, will be credited during a subsequent securities settlement processing day, which must be a business day for Clearstream or Euroclear System, as the case may be, immediately following the DTC settlement date. Credits or any transactions in those securities settled during this processing will be reported to the relevant Euroclear System participant or Clearstream participants on that business day. Cash received in Clearstream or Euroclear System as a result of sales of securities by or through a Clearstream participant or Euroclear System participant to a DTC participant, other than the depositary for Clearstream or Euroclear System, will be received with value on the DTC settlement date, but will be available in the relevant Clearstream or Euroclear System cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants and Euroclear System participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear System participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositaries; however, the cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines defined with respect to European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants and Euroclear System participants may not deliver instructions directly to the depositaries.

Clearstream, as a professional depository, holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute.

Euroclear System was created to hold securities for participants of Euroclear System and to clear and settle transactions between Euroclear System participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System operator is Euroclear Bank S.A./N.V., under contract with the clearance cooperative, Euroclear System Clearance Systems S.C., a Belgian co-operative corporation. All operations are conducted by the Euroclear System operator, and all Euroclear System securities clearance accounts and Euroclear System cash accounts are accounts with the Euroclear System operator, not the clearance cooperative.

The clearance cooperative establishes policy for Euroclear System on behalf of Euroclear System participants. Securities clearance accounts and cash accounts with the Euroclear System operator are governed by the terms and conditions Governing Use of Euroclear System and the related operating procedures of the Euroclear System and applicable Belgian law. The terms and conditions govern transfers of securities and cash within Euroclear System, withdrawals of securities and cash from Euroclear System, and

receipts of payments with respect to securities in Euroclear System. All securities in Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Distributions on the book-entry certificates will be forwarded by the trustee to DTC, and DTC will be responsible for forwarding those payments to participants, each of which will be responsible for disbursing the payments to the beneficial owners it represents or, if applicable, to indirect participants. Accordingly, beneficial owners may experience delays in the receipt of payments relating to their certificates. Under DTC's procedures, DTC will take actions permitted to be taken by holders of any class of book-entry certificates under the pooling and servicing agreement only at the direction of one or more participants to whose account the book-entry certificates are credited and whose aggregate holdings represent no less than any minimum amount of percentage interests or voting rights required therefor. DTC may take conflicting actions with respect to any action of certificateholders of any class to the extent that participants authorize those actions. None of the master servicer, the servicer, the depositor, the Certificate Administrator, the trustee or any of their respective affiliates has undertaken any responsibility or assumed any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests in the book-entry certificates, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Assignment of Mortgage Loans

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. Each mortgage loan or mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement. Each schedule of mortgage loans will include, among other things, information as to the principal balance of each mortgage loan as of the cut-off date, as well as information respecting the mortgage rate, the currently scheduled monthly payment of principal and interest, the maturity of the mortgage note and the LTV ratio, at origination or modification, without regard to any secondary financing.

If stated in the accompanying prospectus supplement, and in accordance with the rules of membership of Merscorp, Inc. and/or Mortgage Electronic Registration Systems, Inc. or, MERS, assignments of the mortgages for the mortgage loans in the related trust will be registered electronically through Mortgage Electronic Registration Systems, Inc., or MERS® System. For mortgage loans registered through the MERS® System, MERS shall serve as mortgagee of record solely as a nominee in an administrative capacity on behalf of the trustee and shall not have any interest in any of those mortgage loans.

In addition, the depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the trustee, or to the custodian, a set of legal documents relating to each mortgage loan that are in possession of the depositor, including:

- 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;

- 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 agreements; and

- if applicable, 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.

The assignments may be blanket assignments covering mortgages secured by mortgaged properties located in the same county, if permitted by law. If so provided in the accompanying prospectus supplement, the depositor may not be required to deliver one or more of the related documents if any of the documents are missing from the files of the party from whom the mortgage loan was purchased.

If, for any mortgage loan, the depositor cannot deliver the mortgage or any assignment with evidence of recording thereon concurrently with the execution and delivery of the related pooling and servicing agreement because of a delay caused by the public recording office or a delay in the receipt of information necessary to prepare the related assignment, the depositor will deliver or cause to be delivered to the trustee or the custodian a copy of the mortgage or assignment. The depositor will deliver or cause to be delivered to the trustee or the custodian such mortgage or assignment with evidence of recording indicated thereon after receipt thereof from the public recording office or from the related servicer or subservicer.

Any mortgage for a mortgage loan secured by mortgaged property located in Puerto Rico will be either a Direct Puerto Rico Mortgage or an Endorsable Puerto Rico Mortgage. Endorsable Puerto Rico Mortgages do not require an assignment to transfer the related lien. Rather, transfer of those mortgages follows an effective endorsement of the related mortgage note and, therefore, delivery of the assignment referred to in the third clause listed in the third preceding paragraph would be inapplicable. Direct Puerto Rico Mortgages, however, require an assignment to be recorded for any transfer of the related lien and the assignment would be delivered to the trustee, or the custodian.

Assignments of the mortgage loans to the trustee will be recorded in the appropriate public recording office, except for mortgages held under the MERS® System or in states where, in the opinion of counsel acceptable to the trustee, the recording is not required to protect the trustee's interests in the mortgage loan against the claim of any subsequent transferee or any successor to or creditor of the depositor or the originator of the mortgage loan.

Assignment of the Contracts

The depositor will cause the contracts constituting the contract pool to be assigned to the trustee or its nominee, which may be the custodian, together with principal and interest due on or with respect to the contracts after the cut-off date, but not including

principal and interest due on or before the cut-off date or any Spread. Each contract will be identified in a schedule appearing as an exhibit to the pooling and servicing agreement. The schedule will include, among other things, information as to the principal amount and the adjusted principal balance of each contract as of the close of business on the cut-off date, as well as information respecting the mortgage rate, the current scheduled monthly level payment of principal and interest and the maturity date of the contract.

In addition, the depositor, the servicer or the master servicer, as to each contract, will deliver to the trustee, or to the custodian, the original contract and copies of documents and instruments related to each contract and the security interest in the manufactured home securing each contract. The depositor, the master servicer or the servicer will cause a financing statement to be executed by the depositor identifying the trustee as the secured party and identifying all contracts as collateral. However, the

contracts will not be stamped or otherwise marked to reflect their assignment from the depositor to the trust and no recordings or filings will be made in the jurisdictions in which the manufactured homes are located. See "Certain Legal Aspects of Mortgage Loans and Contracts-The Contracts."

Review of Mortgage Loan or Contract Documents

The trustee or the custodian will hold documents in trust for the benefit of the certificateholders and, within 45 days after receipt thereof, will review such documents. If any such document is found to be defective in any material respect, the trustee or the custodian shall promptly notify Residential Funding Corporation or the designated seller, if any, and the depositor. If Residential Funding Corporation or the designated seller, as the case may be, cannot cure the defect within 60 days, or within the period specified in the accompanying prospectus supplement, after notice of the defect is given, Residential Funding Corporation or designated seller, as applicable will be obligated no later than 90 days after such notice, or within the period specified in the accompanying prospectus supplement, to either repurchase the related mortgage loan or contract or any related property from the trustee or substitute a new mortgage loan or contract in accordance with the standards described in this prospectus under "The Trust - Repurchases of Mortgage Collateral." The obligation of Residential Funding Corporation and designated seller to repurchase or substitute for a mortgage loan or contract constitutes the sole remedy available to the certificateholders or the trustee for a material defect in a constituent document. Any mortgage loan not so purchased or substituted shall remain in the related trust.

Assignment of Mortgage Securities

The depositor will transfer, convey and assign to the trustee or its nominee, which may be the custodian, all right, title and interest of the depositor in the mortgage securities and other property to be included in the trust for a series. The assignment will include all principal and interest due on or with respect to the mortgage securities after the cut-off date specified in the accompanying prospectus supplement, except for any Spread. The depositor will cause the mortgage securities to be registered in the name of the trustee or its nominee, and the trustee will concurrently authenticate and deliver the certificates. The trustee will not be in possession of or be assignee of record of any underlying assets for a mortgage security. Each mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement, which will specify as to each mortgage security information regarding the original principal amount and outstanding principal balance of each mortgage security as of the cut-off date, as well as the annual pass-through rate or interest rate for each mortgage security conveyed to the trustee.

Spread

The depositor, the servicer, the mortgage collateral seller, the master servicer or any of their affiliates, or any other entity specified in the accompanying prospectus supplement may retain or be paid a portion of interest due with respect to the related mortgage collateral, which will be an uncertificated interest in the mortgage collateral. The payment of any Spread will be disclosed in the accompanying prospectus supplement. This payment may be in addition to any other payment, including a servicing fee, that the specified entity is otherwise entitled to receive with respect to the mortgage collateral. Any payment of this sort on an item of mortgage collateral will represent a specified portion of the interest payable thereon. The interest portion of a Realized Loss and any partial recovery of interest on an item of mortgage collateral will be allocated between the owners of any Spread and the certificateholders entitled to payments of interest as provided in the applicable pooling and servicing agreement.

Payments on Mortgage Collateral

Collection of Payments on Mortgage Loans and Contracts

The servicer or the master servicer, as applicable, will deposit or will cause to be deposited into the Custodial Account payments and collections received by it subsequent to the cut-off date, other than payments due on or before the cut-off date, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- all payments on account of principal of the mortgage loans or contracts comprising a trust;
- all payments on account of interest on the mortgage loans or contracts comprising that trust, net of the portion of each payment thereof retained by the servicer or subservicer, if any, as Spread, and its servicing compensation;
- Liquidation Proceeds;
- all subsequent recoveries of amounts related to a mortgage loan as to which the master servicer had previously determined that no further amounts would be recoverable, resulting in a realized loss, net of unreimbursed liquidation expenses and Servicing Advances;
- Insurance Proceeds or proceeds from any alternative arrangements established in lieu of any such insurance and described in the accompanying prospectus supplement, other than proceeds to be applied to the restoration of the related property or released to the mortgagor in accordance with the master servicer's or servicer's normal servicing procedures;
- any Buy-Down Funds and, if applicable, investment earnings thereon, required to be paid to certificateholders;
- all proceeds of any mortgage loan or contract in the trust purchased or, in the case of a substitution, amounts representing a principal adjustment, by the master servicer, the depositor, the designated seller, Residential Funding Corporation, any subservicer or mortgage collateral seller or any other person under the terms

of the pooling and servicing agreement as described under "The Trusts-Representations with Respect to Mortgage Collateral" and "-Repurchases of Mortgage Collateral;"

- any amount required to be deposited by the master servicer in connection with losses realized on investments of funds held in the Custodial Account; and

- any amounts required to be transferred from the Certificate Account to the Custodial Account.

In addition to the Custodial Account, the master servicer or servicer will establish and maintain the Certificate Account. Both the Custodial Account and the Certificate Account must be either:

- maintained with a depository institution whose debt obligations at the time of any deposit therein are rated by any rating agency that rated any certificates of the related series not less than a specified level comparable to the rating category of the certificates;

- an account or accounts the deposits in which are fully insured to the limits established by the FDIC, provided that any deposits not so insured shall be otherwise maintained so that, as evidenced by an opinion of counsel, the certificateholders have a claim with respect to the funds in such accounts or a perfected first priority security interest in any collateral securing those funds that is superior to the claims of any other depositors or creditors of the depository institution with which the accounts are maintained;

- in the case of the Custodial Account, a trust account or accounts maintained in the corporate trust department of a financial institution which has debt obligations that meet specified rating criteria;

- in the case of the Certificate Account, a trust account or accounts maintained with the trustee; or

- any other Eligible Account.

The collateral that is eligible to secure amounts in an Eligible Account is limited to some Permitted Investments. A Certificate Account may be maintained as an interest-bearing or a non-interest-bearing account, or funds therein may be invested in Permitted Investments as described in this section below. The Custodial Account may contain funds relating to more than one series of certificates as well as payments received on other mortgage loans and assets serviced or master serviced by the master servicer that have been deposited into the Custodial Account.

Not later than the business day preceding each distribution date, the master servicer or servicer, as applicable, will withdraw from the Custodial Account and deposit into the applicable Certificate Account, in immediately available funds, the amount to be distributed therefrom to certificateholders on that distribution date. The master servicer, the servicer or the trustee will also deposit or cause to be deposited into the Certificate Account:

- the amount of any Advances made by the master servicer or the servicer as described in this prospectus under "-Advances;"

- any payments under any letter of credit or any certificate insurance policy, and any amounts required to be transferred to the Certificate Account from a reserve fund, as described under "Description of Credit Enhancement" below;

- any amounts required to be paid by the master servicer or servicer out of its own funds due to the operation of a deductible clause in any blanket policy maintained by the master servicer or servicer to cover hazard losses on the mortgage loans as described under "Insurance Policies on Mortgage Loans or Contracts" below;

- any distributions received on any mortgage securities included in the trust; and

- any other amounts as described in the related pooling and servicing agreement.

The portion of any payment received by the master servicer or the servicer relating to a mortgage loan that is allocable to Spread will typically be deposited into the Custodial Account, but will not be deposited in the Certificate Account for the related series of certificates and will be distributed as provided in the related pooling and servicing agreement.

Funds on deposit in the Custodial Account may be invested in Permitted Investments maturing in general not later than the business day preceding the next distribution date and funds on deposit in the related Certificate Account may be invested in Permitted Investments maturing, in general, no later than the distribution date. All income and gain realized from any investment will be for the account of the servicer or the master servicer as additional servicing compensation. The amount of any loss incurred in connection with any such investment must be deposited in the Custodial Account or in the Certificate Account, as the case may be, by the servicer or the master servicer out of its own funds upon realization of the loss.

Buy-Down Mortgage Loans

For each Buy-Down Mortgage Loan, the subservicer will deposit the related Buy-Down Funds provided to it in a Buy-Down Account which will comply with the requirements described in this prospectus with respect to a Subservicing Account. Generally, the terms of all Buy-Down Mortgage Loans provide for the contribution of Buy-Down Funds in an amount equal to or exceeding either (i) the total payments to be made from those funds under the related buy-down plan or (ii) if the Buy-Down Funds are to be deposited on a discounted basis, that amount of Buy-Down Funds which, together with investment earnings thereon at a rate as described in the Seller Guide from time to time will support the scheduled level of payments due under the Buy-Down Mortgage Loan.

Neither the master servicer nor the depositor will be obligated to add to any discounted Buy-Down Funds any of its own funds should investment earnings prove

insufficient to maintain the scheduled level of payments. To the extent that any insufficiency is not recoverable from the mortgagor or, in an appropriate case, from the subservicer, distributions to certificateholders may be affected. For each Buy-Down Mortgage Loan, the subservicer will withdraw from the Buy-Down Account and remit to the master servicer on or before the date specified in the applicable subservicing agreement the amount, if any, of the Buy-Down Funds, and, if applicable, investment earnings thereon, for each Buy-Down Mortgage Loan that, when added to the amount due from the mortgagor on the Buy-Down Mortgage Loan, equals the full monthly payment which would be due on the Buy-Down Mortgage Loan if it were not subject to the buy-down plan. The Buy-Down Funds will in no event be a part of the related trust.

If the mortgagor on a Buy-Down Mortgage Loan prepays the mortgage loan in its entirety during the Buy-Down Period, the applicable subservicer will withdraw from the Buy-Down Account and remit to the mortgagor or any other designated party in accordance with the related buy-down plan any Buy-Down Funds remaining in the Buy-Down Account. If a prepayment by a mortgagor during the Buy-Down Period together with Buy-Down Funds will result in full prepayment of a Buy-Down Mortgage Loan, the subservicer will, in most cases, be required to withdraw from the Buy-Down Account and remit to the master servicer the Buy-Down Funds and investment earnings thereon, if any, which together with such prepayment will result in a prepayment in full; provided that Buy-Down Funds may not be available to cover a prepayment under some mortgage loan programs. Any Buy-Down Funds so remitted to the master servicer in connection with a prepayment described in the preceding sentence will be deemed to reduce the amount that would be required to be paid by the mortgagor to repay fully the related mortgage loan if the mortgage loan were not subject to the buy-down plan.

Any investment earnings remaining in the Buy-Down Account after prepayment or after termination of the Buy-Down Period will be remitted to the related mortgagor or any other designated party under the buy-down agreement. If the mortgagor defaults during the Buy-Down Period with respect to a Buy-Down Mortgage Loan and the property securing that Buy-Down Mortgage Loan is sold in liquidation either by the master servicer, the primary insurer, the pool insurer under the mortgage pool insurance policy or any other insurer, the subservicer will be required to withdraw from the Buy-Down Account the Buy-Down Funds and all investment earnings thereon, if any, and remit the same to the master servicer or, if instructed by the master servicer, pay the same to the primary insurer or the pool insurer, as the case may be, if the mortgaged property is transferred to that insurer and the insurer pays all of the loss incurred relating to such default.

Because Buy-Down Funds may have been provided by a third party such as the seller of the Mortgaged Property, a home builder, or an employer, such funds may be subject to third party claims, offsets, defenses or counterclaims in the event of a dispute between the mortgagor and such third party or otherwise. In addition, upon foreclosure the inclusion of personal property collateral may present additional defenses for the mortgagor to assert.

Collection of Payments on Mortgage Securities

The trustee or the Certificate Administrator, as specified in the accompanying prospectus supplement, will deposit in the Certificate Account all payments on the mortgage securities as they are received after the cut-off date. If the trustee has not received a distribution for any mortgage security by the second business day after the date on which such distribution was due and payable, the trustee will request the issuer or guarantor, if any, of such mortgage security to make such payment as promptly as possible and legally permitted. The trustee may take any legal action against the related issuer or guarantor as is appropriate under the circumstances, including the prosecution of any claims in connection therewith. The reasonable legal fees and expenses incurred by the trustee in connection with the prosecution of any legal action will be reimbursable to the trustee out of the proceeds of the action and will be retained by the trustee prior to the deposit of any remaining proceeds in the Certificate Account pending distribution thereof to the certificateholders of the affected series. If the trustee has reason to believe that the proceeds of the legal action may be insufficient to cover its projected legal fees and expenses, the trustee will notify the related certificateholders that it is not obligated to pursue any available remedies unless adequate indemnity for its legal fees and expenses is provided by the certificateholders.

Withdrawals from the Custodial Account

The servicer or the master servicer, as applicable, may, from time to time, make withdrawals from the Custodial Account for various purposes, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- to make deposits to the Certificate Account in the amounts and in the manner provided in the pooling and servicing agreement and described above under "-Payments on Mortgage Collateral;"
- to reimburse itself or any subservicer for Advances, or for Servicing Advances, out of late payments, Insurance Proceeds, Liquidation Proceeds, any proceeds relating to any REO Mortgage Loan or collections on the mortgage loan or contract with respect to which those Advances or Servicing Advances were made;
- to pay to itself or any subservicer unpaid servicing fees and subservicing fees, out of payments or collections of interest on each mortgage loan or contract;
- to pay to itself as additional servicing compensation any investment income on funds deposited in the Custodial Account, any amounts remitted by subservicers as interest on partial prepayments on the mortgage loans or contracts and, if so provided in the pooling and servicing agreement, any profits realized upon disposition of a mortgaged property acquired by deed in lieu of foreclosure or repossession or otherwise allowed under the pooling and servicing agreement;
- to pay to itself, a subservicer, Residential Funding Corporation, the depositor, the

designated seller or the mortgage collateral seller all amounts received on each mortgage loan or contract purchased, repurchased or removed under the terms of the pooling and servicing agreement and not required to be distributed as of the date on which the related purchase price is determined;

- to pay the depositor or its assignee, or any other party named in the accompanying prospectus supplement, all amounts allocable to the Spread, if any, out of collections or payments which represent interest on each mortgage loan or contract, including any mortgage loan or contract as to which title to the underlying mortgaged property was acquired;

- to reimburse itself or any subservicer for any Nonrecoverable Advance and for Advances that have been capitalized by adding the delinquent interest and other amounts owed under the mortgage loan or contract to the principal balance of the mortgage loan or contract, in accordance with the terms of the pooling and servicing agreement;

- to reimburse itself or the depositor for other expenses incurred for which it or the depositor is entitled to reimbursement, including reimbursement in connection with enforcing any repurchase, substitution or indemnification obligation of any seller that is assigned to the trustee for the benefit of the certificateholder, or against which it or the depositor is indemnified under the pooling and servicing agreement;

- to withdraw any amount deposited in the Custodial Account that was not required to be deposited therein; and

- to clear the Custodial Account of amounts relating to the corresponding mortgage loans or contracts in connection with the termination of the trust under the pooling and servicing agreement, as described in "The Pooling and Servicing Agreement-Termination; Retirement of Certificates."

Distributions

Beginning on the distribution date in the month next succeeding the month in which the cut-off date occurs, or any other date as may be described in the accompanying prospectus supplement, for a series of certificates, distribution of principal and interest, or, where applicable, of principal only or interest only, on each class of certificates entitled to such payments will be made either by the trustee, the master servicer or the Certificate Administrator acting on behalf of the trustee or a paying agent appointed by the trustee. The distributions will be made to the persons who are registered as the holders of the certificates at the close of business on the last business day of the preceding month or on such other day as is specified in the accompanying prospectus supplement.

Distributions will be made in immediately available funds, by wire transfer or otherwise, to the account of a certificateholder at a bank or other entity having appropriate facilities, if the certificateholder has so notified the trustee, the master servicer, the Certificate Administrator or the paying agent, as the case may be, and the applicable pooling and servicing agreement provides for that form of payment, or by check mailed to the address of the person entitled to such payment as it appears on the certificate register. The final distribution in retirement of the certificates of any class, other than a subordinate class, will be made only upon presentation and surrender of the certificates at the office or agency of the trustee specified in the notice to the certificateholders. Distributions will be made to each certificateholder in accordance with that holder's percentage interest in a particular class.

As a result of the provisions described below under "--Realization upon Defaulted Mortgage Loans or Contracts," under which the certificate principal balance of a class of subordinate certificates can be increased in certain circumstances after it was previously reduced to zero, each certificate of a subordinate class of certificates will be considered to remain outstanding until the termination of the related trust, even if the certificate principal balance thereof has been reduced to zero.

Principal and Interest on the Certificates

The method of determining, and the amount of, distributions of principal and interest, or, where applicable, of principal only or interest only, on a particular series of certificates will be described in the accompanying prospectus supplement. Distributions of interest on each class of certificates will be made prior to distributions of principal thereon. Each class of certificates, other than classes of strip certificates, may have a different specified interest rate, or pass-through rate, which may be a fixed, variable or adjustable pass-through rate, or any combination of two or more pass-through rates. The accompanying prospectus supplement will specify the pass-through rate or rates for each class, or the initial pass-through rate or rates and the method for determining the pass-through rate or rates. The applicable prospectus supplement will describe the manner of interest accruals and payments. In general, interest on the certificates will accrue during each calendar month and will be payable on the distribution date in the following calendar month. If stated in the accompanying prospectus supplement, interest on any class of certificates for any distribution date may be limited to the extent of available funds for that distribution date. The accompanying prospectus supplement will describe the method of calculating interest on the certificates. In general, interest on the

certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

On each distribution date for a series of certificates, the trustee or the master servicer or the Certificate Administrator on behalf of the trustee will distribute or cause the paying agent to distribute, as the case may be, to each holder of record on the last day of the preceding month of a class of certificates, or on such other day as is specified in the accompanying prospectus supplement, an amount equal to the percentage interest represented by the certificate held by that holder multiplied by that class's Distribution

Amount.

In the case of a series of certificates which includes two or more classes of certificates, the timing, sequential order, priority of payment or amount of distributions of principal, and any schedule or formula or other provisions applicable to that determination, including distributions among multiple classes of senior certificates or subordinate certificates, shall be described in the accompanying prospectus supplement. Distributions of principal on any class of certificates will be made on a pro rata basis among all of the certificates of that class.

On or prior to the second business day prior to each distribution date, or the determination date, the master servicer or the Certificate Administrator, as applicable, will determine the amounts of principal and interest which will be passed through to certificateholders on the immediately succeeding distribution date. Prior to the close of business on the determination date, the master servicer or the Certificate Administrator, as applicable, will furnish a statement to the trustee with information to be made available to certificateholders by the master servicer or the Certificate Administrator, as applicable, on request, setting forth, among other things, the amount to be distributed on the next succeeding distribution date.

Example of Distributions

The following chart provides an example of the flow of funds as it would relate to a hypothetical series of certificates backed by mortgage loans or contracts that are issued, and with a cut-off date occurring, in July 2005:

Date	Note	Description
July 1	(A)	Cut-off date.
July 2-31	(B)	Servicers or subservicers, as applicable, receive any partial Principal Prepayments.
July 16-August 15	(C)	The servicers or the subservicers, as applicable, receive any Principal Prepayments in full.
July 31	(D)	Record date.
July 2-August 1	(E)	The due dates for payments on a mortgage loan or contract.
August 18	(F)	Servicers or subservicers remit to the master servicer or servicer, as applicable, scheduled payments of principal and interest due during the related Due Period and received or advanced by them.
August 23	(G)	Determination date.

August 25	(H)	Distribution date.

Succeeding months follow the pattern of (B) through (H), except that for succeeding months, (B) will also include the first day of that month. A series of certificates may have different Prepayment Periods, Due Periods, cut-off dates, record dates, remittance dates, determination dates and/or distribution dates than those described above.

(A) The initial principal balance of the mortgage pool or contract pool will be the aggregate principal balance of the mortgage loans or contracts at the close of business on July 1 after deducting principal payments due on or before that date or such other date as may be specified in the accompanying prospectus supplement. Those principal payments due on or before July 1 and the accompanying interest payments, and any Principal Prepayments received as of the close of business on July 1 are not part of the mortgage pool or contract pool and will not be passed through to certificateholders.

(B) Any Principal Prepayments, other than Principal Prepayments in full, may be received at any time during this period and will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. Partial Principal Prepayments are applied so as to reduce the principal balances of the related mortgage loans or contracts as of the first day of the month in which the payments are made; no interest will be paid to certificateholders from such prepaid amounts for the month in which the partial Principal Prepayments were received.

(C) Any Principal Prepayments in full that are received during the Prepayment Period will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. When a mortgage loan or contract is prepaid in full, interest on the amount prepaid is collected from the mortgagor only to the date of payment.

(D) Distributions on August 25 will be made to certificateholders of record at the close of business on July 31.

(E) Scheduled principal and interest payments are due from mortgagors.

(F) Payments due from mortgagors during the related Due Period will be deposited by the subservicers in Subservicing Accounts or by the servicers in collection accounts, or will be otherwise managed in a manner acceptable to the rating agencies, as received and will include the scheduled principal payments plus interest on the principal balances immediately prior to those payments. Funds required to be remitted from the Subservicing Accounts or collection accounts to the master servicer or servicer, as applicable, will be remitted on August 18, 2005 together with any required Advances by the servicer or subservicers, except that Principal Prepayments in full received by subservicers during the related Prepayment Period will have been remitted to the master servicer or the servicer, as applicable, within five business days of receipt.

(G) On the determination date, the master servicer or servicer will determine the amounts of principal and interest that will be passed through on August 25 to the holders of each class of certificates. The master servicer or servicer will be obligated to distribute those payments due during the related Due Period that have been received from subservicers or servicers prior to and including August 18, as well as all

partial Principal Prepayments received on mortgage loans in July and Principal Prepayments in full during the related Prepayment Period, with interest adjusted to the pass-through rates applicable to the respective classes of certificates and reduced on account of Principal Prepayments as described in clause (B) above. Distributions to the holders of senior certificates, if any, on August 25 may include amounts otherwise distributable to the holders of the related subordinate certificates, amounts withdrawn from any reserve fund, amounts drawn against any certificate insurance policy and amounts advanced by the master servicer or the servicer under the circumstances described in "Subordination" and "-Advances."

(H) On August 25, the amounts determined on August 23 will be distributed to certificateholders.

If provided in the accompanying prospectus supplement, the distribution date for any series of certificates as to which the trust includes mortgage securities may be a specified date or dates other than the 25th day of each month in order to allow for the receipt of distributions on the mortgage securities.

Advances

As to each series of certificates, the master servicer or the servicer will make Advances on or before each distribution date, but only to the extent that the Advances would, in the judgment of the master servicer or the servicer, be recoverable out of late payments by the mortgagors, Liquidation Proceeds, Insurance Proceeds or otherwise.

The amount of any Advance will be determined based on the amount payable under the mortgage loan as adjusted from time to time and as may be modified as described in this prospectus under "-Servicing and Administration of Mortgage Collateral," and no Advance will be required in connection with any reduction in amounts payable under the Relief Act or as a result of certain actions taken by a bankruptcy court. As specified in the accompanying prospectus supplement for any series of certificates as to which the trust includes mortgage securities, any advancing obligations will be under the terms of the mortgage securities and may differ from the provisions relating to Advances described in this prospectus.

Advances are intended to maintain a regular flow of scheduled interest and principal payments to related certificateholders. Advances do not represent an obligation of the master servicer or servicer to guarantee or insure against losses. If Advances have been made by the master servicer or servicer from cash being held for future distribution to certificateholders, those funds will be required to be replaced on or before any future distribution date to the extent that funds in the Certificate Account on that distribution date would be less than payments required to be made to certificateholders. Any Advances will be reimbursable to the master servicer or servicer out of recoveries on the related mortgage loans or contracts for which those amounts were advanced, including late payments made by the related mortgagor, any related Liquidation Proceeds and Insurance Proceeds, proceeds of any applicable form of credit enhancement, or proceeds of any mortgage collateral purchased by the depositor, Residential Funding Corporation, a subservicer, the designated seller or a mortgage collateral seller.

Advances will also be reimbursable from cash otherwise distributable to certificateholders to the extent that the master servicer or servicer shall determine that any Advances previously made are not ultimately recoverable as described in the third preceding paragraph or if Advances are capitalized by adding the delinquent interest to the outstanding principal balance of the related mortgage loan or contract, as described under

"--Servicing and Administration of Mortgage Collateral." For any senior/subordinate series, so long as the related subordinate certificates remain outstanding with a certificate principal balance greater than zero, and except for Special Hazard Losses, Fraud Losses and Bankruptcy Losses in excess of specified amounts and Extraordinary Losses, the Advances may also be reimbursable out of amounts otherwise distributable to holders of the subordinate certificates, if any. The master servicer or the servicer may also be obligated to make Servicing Advances, to the extent recoverable out of Liquidation Proceeds or otherwise, for some taxes and insurance premiums not paid by mortgagors on a timely basis. Funds so advanced will be reimbursable to the master servicer or servicer to the extent permitted by the pooling and servicing agreement.

The master servicer's or servicer's obligation to make Advances may be supported by another entity, a letter of credit or other method as may be described in the related pooling and servicing agreement. If the short-term or long-term obligations of the provider of the support are downgraded by a rating agency rating the related certificates or if any collateral supporting such obligation is not performing or is removed under the terms of any agreement described in the accompanying prospectus supplement, the certificates may also be downgraded.

Prepayment Interest Shortfalls

When a mortgagor prepays a mortgage loan or contract in full between scheduled due dates for the mortgage loan or contract, the mortgagor pays interest on the amount prepaid only to but not including the date on which the Principal Prepayment is made. A partial Principal Prepayment by a mortgagor is treated as having been received on the first day of the month in which such Principal Prepayment is made, and no interest paid by the mortgagor is distributed to the certificateholders. Similarly, Liquidation Proceeds from a mortgaged property will not include interest for any period after the date on which the liquidation took place.

If stated in the accompanying prospectus supplement, to the extent funds are available from the servicing fee or other servicing compensation available for this purpose, the master servicer or servicer may make an additional payment to certificateholders out of the servicing fee otherwise payable to it for any mortgage loan that prepaid in full or in part during the preceding Prepayment Period equal to the Compensating Interest for that mortgage loan or contract from the date of the prepayment to the related due date.

Compensating Interest on any distribution date will be limited to the lesser of (a) 0.125% of the Stated Principal Balance of the mortgage collateral immediately prior to that distribution date, and (b) the master servicing fee or servicing fee payable on that distribution date and the reinvestment income received by the master servicer or servicer with respect to the amount payable to the certificateholders on that distribution date. Compensating Interest may not be sufficient to cover the Prepayment Interest Shortfall on any distribution date. If so disclosed in the accompanying prospectus supplement, Prepayment Interest Shortfalls may be applied to reduce interest otherwise payable with respect to one or more classes of certificates of a series. See "Yield Considerations."

Funding Account

A pooling and servicing agreement or other agreement may provide for the transfer of additional mortgage loans to the related trust after the closing date for the related certificates. Any additional mortgage loans will be required to conform to the requirements described in the related pooling and servicing agreement or other agreement providing for such transfer. If a Funding Account is established, all or a portion of the proceeds of the

sale of one or more classes of certificates of the related series or a portion of collections on the mortgage loans relating to principal will be deposited in such account to be released as additional mortgage loans are transferred. A Funding Account will be required to be maintained as an Eligible Account. All amounts in the Funding Account will be required to be invested in Permitted Investments and the amount held in the Funding Account shall at no time exceed 25% of the aggregate outstanding principal balance of the certificates. The related pooling and servicing agreement or other agreement providing for the transfer of additional mortgage loans will provide that all transfers must be made within 90 days, and that amounts set aside to fund the transfers, whether in a Funding Account or otherwise, and not so applied within the required period of time will be deemed to be Principal Prepayments and applied in the manner described in the prospectus supplement.

Reports to Certificateholders

On each distribution date, the master servicer or the Certificate Administrator, as applicable, will forward or cause to be forwarded to each certificateholder of record, or will make available to each certificateholder of record in the manner described in the accompanying prospectus supplement, a statement or statements with respect to the related trust setting forth the information described in the related pooling and servicing agreement. The information will include the following (as applicable):

- the applicable record date, determination date and distribution date;
- the aggregate amount of payments received with respect to the mortgage loans, including prepayment amounts;
- the servicing fee payable to the master servicer and the subservicer;
- the amount of any other fees or expenses paid, and the identity of the party receiving such fees or expenses;
- the amount, if any, of the distribution allocable to principal;
- the amount, if any, of the distribution allocable to interest and the amount, if any, of any shortfall in the amount of interest and principal;
- the outstanding principal balance or notional amount of each class of certificates before and after giving effect to the distribution of principal on that distribution date;
- updated pool composition information, including weighted average interest rate and weighted average remaining term;
- the balance of the reserve fund, if any, at the opening of business and the close of business on that distribution date;
- if applicable, the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount at the opening of business and as of the close of business on the applicable distribution date and a description of any change in the calculation of those amounts;
- the percentage of the outstanding principal balances of the senior certificates, if applicable, after giving effect to the distributions on that distribution date;

- in the case of certificates benefiting from alternative credit enhancement arrangements described in a prospectus supplement, the amount of coverage under alternative arrangements as of the close of business on the applicable determination date and a description of any credit enhancement substituted therefor;

- the aggregate unpaid principal balance of the mortgage collateral after giving effect to the distribution of principal on that distribution date, and the number of mortgage loans at the beginning and end of the reporting period;

- based on the most recent reports furnished by subservicers, the number and aggregate principal balances of any items of mortgage collateral in the related trust that are delinquent (a) 30-59 days, (b) 60-89 days and (c) 90 or more days, and that are in foreclosure;

- the amount of any losses on the mortgage loans during the reporting period;

- information about the amount, terms and general purpose of any advances made or reimbursed during the reporting period;

- any material modifications, extensions or waivers to the terms of the mortgage loans during the reporting period or that have cumulatively become material over time;

- any material breaches of mortgage loan representations or warranties or covenants in the pooling and servicing agreement; and

- for any series of certificates as to which the trust includes mortgage securities, any additional information as required under the related pooling and servicing agreement.

In addition to the information described above, reports to certificateholders will contain any other information as is described in the applicable pooling and servicing agreement, which may include, without limitation, information as to Advances, reimbursements to subservicers, the servicer and the master servicer and losses borne by the related trust.

In addition, within a reasonable period of time after the end of each calendar year, the master servicer or the Certificate Administrator, as applicable, will furnish on request a report to each person that was a holder of record of any class of certificates at any time during that calendar year. The report will include information as to the aggregate of amounts reported under the first two items in the list above for that calendar year or, if the person was a holder of record of a class of certificates during a portion of that calendar year, for the applicable portion of that year.

Servicing and Administration of Mortgage Collateral

General

The master servicer, the Certificate Administrator or any servicer, as applicable, that is a party to a pooling and servicing agreement, will be required to perform the services and duties specified in the related pooling and servicing agreement. The duties to be performed by the master servicer or servicer will include the customary functions of a servicer, including collection of payments from mortgagors; maintenance of any primary mortgage insurance, hazard insurance and other types of insurance; processing of assumptions or substitutions; attempting to cure delinquencies; supervising foreclosures; inspection and management of mortgaged properties under certain circumstances; and

maintaining accounting records relating to the mortgage collateral. For any series of certificates for which the trust includes mortgage securities, the master servicer's or Certificate Administrator's servicing and administration obligations will be described in the accompanying prospectus supplement.

Under each pooling and servicing agreement, the servicer or the master servicer may enter into subservicing agreements with one or more subservicers who will agree to perform certain functions for the servicer or master servicer relating to the servicing and administration of the mortgage loans or contracts included in the trust relating to the subservicing agreement. A subservicer may be an affiliate of the depositor. Under any subservicing agreement, each subservicer will agree, among other things, to perform some or all of the servicer's or the master servicer's servicing obligations, including but not limited to, making Advances to the related certificateholders. The servicer or the master servicer, as applicable, will remain liable for its servicing obligations that are delegated to a subservicer as if the servicer or the master servicer alone were servicing such mortgage loans or contracts.

Collection and Other Servicing Procedures

The servicer or the master servicer, directly or through subservicers, as the case may be, will make reasonable efforts to collect all payments called for under the mortgage loans or contracts and will, consistent with the related pooling and servicing agreement and any applicable insurance policy or other credit enhancement, follow the collection procedures as it follows with respect to mortgage loans or contracts serviced by it that are comparable to the mortgage loans or contracts. The servicer or the master servicer may, in its discretion, waive any prepayment charge in connection with the prepayment of a mortgage loan or extend the due dates for payments due on a mortgage note or contract, provided that the insurance coverage for the mortgage loan or contract or any coverage provided by any alternative credit enhancement will not be adversely affected thereby. The master servicer may also waive or modify any term of a mortgage loan so long as the master servicer has determined that the waiver or modification is not materially adverse to any certificateholders, taking into account any estimated loss that may result absent that action. For any series of certificates as to which the trust includes mortgage securities, the master servicer's servicing and administration obligations will be under the terms of those mortgage securities.

In instances in which a mortgage loan or contract is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interests of the related certificateholders, the master servicer or servicer may permit modifications of the mortgage loan or contract rather than proceeding with foreclosure. In making this determination, the estimated Realized Loss that might result if the mortgage loan or contract were liquidated would be taken into account. These modifications may have the effect of, among other things, reducing the mortgage rate, forgiving payments of principal, interest or other amounts owed under the mortgage loan or contract, such as taxes and insurance premiums, extending the final maturity date of the mortgage loan or contract, capitalizing delinquent interest and other amounts owed under the mortgage loan or contract by adding that amount to the unpaid principal balance of the mortgage loan or

contract, or any combination of these or other modifications. Any modified mortgage loan or contract may remain in the related trust, and the reduction in collections resulting from the modification may result in reduced distributions of interest or principal on, or may extend the final maturity of, one or more classes of the related certificates.

In connection with any significant partial prepayment of a mortgage loan, the master servicer, to the extent not inconsistent with the terms of the mortgage note and local law and practice, may permit the mortgage loan to be re-amortized so that the monthly payment

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is recalculated as an amount that will fully amortize its remaining principal amount by the original maturity date based on the original mortgage rate, provided that the re-amortization shall not be permitted if it would constitute a modification of the mortgage loan for federal income tax purposes.

The master servicer, any servicer or one or more subservicers for a given trust may establish and maintain an escrow account in which mortgagors will be required to deposit amounts sufficient to pay taxes, assessments, certain mortgage and hazard insurance premiums and other comparable items. Withdrawals from any escrow account may be made to effect timely payment of taxes, assessments, mortgage and hazard insurance, to refund to mortgagors amounts determined to be owed, to pay interest on balances in the escrow account, if required, to repair or otherwise protect the mortgage properties and to clear and terminate such account. The master servicer or any servicer or subservicer, as the case may be, will be responsible for the administration of each such escrow account and will be obligated to make advances to the escrow accounts when a deficiency exists therein. The master servicer, servicer or subservicer will be entitled to reimbursement for any advances from the Custodial Account.

Other duties and responsibilities of each servicer, the master servicer and the Certificate Administrator are described above under "-Payments on Mortgage Collateral."

Special Servicing

The pooling and servicing agreement for a series of certificates may name a Special Servicer, which may be an affiliate of Residential Funding Corporation. The Special Servicer will be responsible for the servicing of certain delinquent mortgage loans or contracts as described in the prospectus supplement. The Special Servicer may have certain discretion to extend relief to mortgagors whose payments become delinquent. The Special Servicer may be permitted to grant a period of temporary indulgence to a mortgagor or may enter into a liquidating plan providing for repayment by the mortgagor, in each case without the prior approval of the master servicer or the servicer, as applicable. Other types of forbearance typically will require the approval of the master servicer or servicer, as applicable.

In addition, the master servicer or servicer may enter into various agreements with holders of one or more classes of subordinate certificates or of a class of securities representing interests in one or more classes of subordinate certificates. Under the terms of those agreements, the holder may, for some delinquent mortgage loans:

- instruct the master servicer or servicer to commence or delay foreclosure proceedings, provided that the holder deposits a specified amount of cash with the master servicer or servicer which will be available for distribution to certificateholders if Liquidation Proceeds are less than they otherwise may have been had the master servicer or servicer acted under its normal servicing procedures;

- instruct the master servicer or servicer to purchase the mortgage loans from the trust prior to the commencement of foreclosure proceedings at the purchase price and to resell the mortgage loans to the holder, in which case any subsequent loss with respect to the mortgage loans will not be allocated to the certificateholders; or

- become, or designate a third party to become, a subservicer with respect to the mortgage loans so long as (i) the master servicer or servicer has the right to transfer the subservicing rights and obligations of the mortgage loans to another

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subservicer at any time or (ii) the holder or its servicing designee is required to service the mortgage loans according to the master servicer's or servicer's servicing guidelines.

In addition, the accompanying prospectus supplement may provide for the other types of special servicing arrangements.

Enforcement of "Due-on-Sale" Clauses

When any mortgaged property relating to a mortgage loan or contract, other than an ARM loan, is about to be conveyed by the mortgagor, the master servicer or the servicer, as applicable, directly or through a subservicer, to the extent it has knowledge of such proposed conveyance, generally will be obligated to exercise the trustee's rights to accelerate the maturity of such mortgage loan or contract under any due-on-sale clause applicable thereto. A due-on-sale clause will be enforced only if the exercise of such rights is permitted by applicable law and only to the extent it would not adversely affect or jeopardize coverage under any primary insurance policy or applicable credit enhancement arrangements. See "Certain Legal Aspects of Mortgage Loans and Contracts - The Mortgage Loans - Enforceability of Certain Provisions" and "-The Contracts - 'Due-on-Sale' Clauses."

If the master servicer, servicer or subservicer is prevented from enforcing a due-on-sale clause under applicable law or if the master servicer, servicer or subservicer determines that it is reasonably likely that a legal action would be instituted by the related mortgagor to avoid enforcement of such due-on-sale clause, the master servicer, servicer or subservicer will enter into an assumption and modification agreement with the person to whom such property has been or is about to be conveyed, under which such person becomes liable under the mortgage note or contract subject to certain specified

conditions. The original mortgagor may be released from liability on a mortgage loan or contract if the master servicer, servicer or subservicer shall have determined in good faith that such release will not adversely affect the collectability of the mortgage loan or contract. An ARM loan may be assumed if it is by its terms assumable and if, in the reasonable judgment of the master servicer, servicer or subservicer, the proposed transferee of the related mortgaged property establishes its ability to repay the loan and the security for the ARM loan would not be impaired by the assumption. If a mortgagor transfers the mortgaged property subject to an ARM loan without consent, such ARM loan may be declared due and payable. Any fee collected by the master servicer, servicer or subservicer for entering into an assumption or substitution of liability agreement or for processing a request for partial release of the mortgaged property generally will be retained by the master servicer, servicer or subservicer as additional servicing compensation. In connection with any assumption, the mortgage rate borne by the related mortgage note or contract may not be altered. Mortgagors may, from time to time, request partial releases of the mortgaged properties, easements, consents to alteration or demolition and other similar matters. The master servicer, servicer or subservicer may approve such a request if it has determined, exercising its good faith business judgment, that such approval will not adversely affect the security for, and the timely and full collectability of, the related mortgage loan or contract.

Realization upon Defaulted Mortgage Loans or Contracts

For a mortgage loan in default, the master servicer or the related subservicer will decide whether to foreclose upon the mortgaged property or write off the principal balance of the mortgage loan or contract as a bad debt. In connection with such decision, the master servicer or the related subservicer will, following usual practices in connection with its mortgage servicing activities, estimate the proceeds expected to be received and the expenses expected to be incurred in connection with such foreclosure to determine whether a foreclosure proceeding is appropriate.

Any acquisition of title and cancellation of any REO Mortgage Loan or REO Contract will be considered for most purposes to be an outstanding mortgage loan or contract held in the trust until it is converted into a Liquidated Mortgage Loan or Liquidated Contract.

For purposes of calculations of amounts distributable to certificateholders relating to an REO Mortgage Loan or an REO Contract, the amortization schedule in effect at the time of any acquisition of title, before any adjustment by reason of any bankruptcy or any similar proceeding or any moratorium or similar waiver or grace period, will be deemed to have continued in effect and, in the case of an ARM loan, the amortization schedule will be deemed to have adjusted in accordance with any interest rate changes occurring on any adjustment date, so long as the REO Mortgage Loan or REO Contract is considered to remain in the trust. If a REMIC election has been made, any mortgaged property so acquired by the trust must be disposed of in accordance with applicable federal income tax regulations and consistent with the status of the trust as a REMIC. To the extent provided in the related pooling and servicing agreement, any income, net of expenses and other than gains described in the second succeeding paragraph, received by the subservicer, servicer or the master servicer on the mortgaged property prior to its disposition will be deposited in the Custodial Account on receipt and will be available at that time for making payments to certificateholders.

For a mortgage loan or contract in default, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. If the mortgage loan is an Additional Collateral Loan, the master servicer or the related subservicer, if the lien on the Additional Collateral for such Additional Collateral Loan is not assigned to the trustee on behalf of the certificateholders, may proceed against the related mortgaged property or the related Additional Collateral first or may proceed against both concurrently, as permitted by applicable law and the terms under which the Additional Collateral is held, including any third-party guarantee. Similarly, if the mortgage loan is a Pledged Asset Mortgage Loan, the master servicer or the related subservicer may proceed against the related mortgaged property or the related Pledged Assets first or may proceed against both concurrently, as permitted by applicable law and the terms under which the Pledged Assets are held.

Upon the first to occur of final liquidation and a repurchase or substitution under a breach of a representation and warranty, the mortgage loan or contract will be removed from the related trust. The master servicer or servicer may elect to treat a defaulted mortgage loan or contract as having been finally liquidated if substantially all amounts expected to be received in connection therewith have been received. Any additional liquidation expenses relating to the mortgage loan or contract thereafter incurred will be reimbursable to the master servicer, servicer or any subservicer from any amounts otherwise distributable to the related certificateholders, or may be offset by any subsequent recovery related to the mortgage loan or contract. Alternatively, for purposes of determining the amount of related Liquidation Proceeds to be distributed to certificateholders, the amount of any Realized Loss or the amount required to be drawn under any applicable form of credit enhancement, the master servicer or servicer may take into account minimal amounts of additional receipts expected to be received, as well as estimated additional liquidation expenses expected to be incurred in connection with the defaulted mortgage loan or contract.

For some series of certificates, the applicable form of credit enhancement may provide, to the extent of coverage, that a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract will be removed from the trust prior to its final

liquidation. In addition, the master servicer or servicer may have the option to purchase from the trust any defaulted mortgage loan or contract after a specified period of delinquency. If a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract is not removed from the trust prior to final liquidation, then, upon its final liquidation, if a loss is realized which is not covered by any applicable form of credit enhancement or other insurance, the certificateholders will bear the loss. However, if a gain results from the final liquidation of an REO Mortgage Loan or REO Contract which is not required by

law to be remitted to the related mortgagor, the master servicer or servicer will be entitled to retain that gain as additional servicing compensation unless the accompanying prospectus supplement provides otherwise.

If a final liquidation of a mortgage loan or contract resulted in a Realized Loss and thereafter the master servicer or servicer receives a subsequent recovery specifically related to that mortgage loan or contract, in connection with a related breach of a representation or warranty or otherwise, such subsequent recovery shall be distributed to the certificateholders in the same manner as repurchase proceeds received in the prior calendar month, to the extent that the related Realized Loss was allocated to any class of certificates. In addition, the certificate principal balance of the class of subordinate certificates with the highest payment priority to which Realized Losses, other than Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses, have been allocated will be increased to the extent that such subsequent recoveries are distributed as principal to any classes of certificates. However, the certificate principal balance of that class of subordinate certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates. The amount of any remaining subsequent recoveries will be applied to increase the certificate principal balance of the class of certificates with the next lower payment priority; however, the certificate principal balance of that class of certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates, and so on. Holders of certificates whose certificate principal balance is increased in this manner will not be entitled to interest on the increased balance for any interest accrual period preceding the distribution date on which the increase occurs. The foregoing provisions will apply even if the certificate principal balance of a class of subordinate certificates was previously reduced to zero. Accordingly, each class of subordinate certificates will be considered to remain outstanding until the termination of the related trust.

In the case of a series of certificates other than a senior/subordinate series, if so provided in the accompanying prospectus supplement, the applicable form of credit enhancement may provide for reinstatement in accordance with specified conditions if, following the final liquidation of a mortgage loan or contract and a draw under the related credit enhancement, subsequent recoveries are received. For a description of the Certificate Administrator's, the master servicer's or the servicer's obligations to maintain and make claims under applicable forms of credit enhancement and insurance relating to the mortgage loans or contracts, see "Description of Credit Enhancement" and "Insurance Policies on Mortgage Loans or Contracts."

For a discussion of legal rights and limitations associated with the foreclosure of a mortgage loan or contract, see "Certain Legal Aspects of Mortgage Loans and Contracts."

The master servicer or the Certificate Administrator, as applicable, will deal with any defaulted mortgage securities in the manner described in the accompanying prospectus supplement.

DESCRIPTION OF CREDIT ENHANCEMENT

General

Credit support for each series of certificates may be comprised of one or more of the following components. Each component will have a dollar limit and will provide coverage with respect to Realized Losses that are:

- Defaulted Mortgage Losses;
- Special Hazard Losses;
- Bankruptcy Losses; and
- Fraud Losses.

Most forms of credit support will not provide protection against all risks of loss and will not guarantee repayment of the entire outstanding principal balance of the certificates and interest. If losses occur that exceed the amount covered by credit support or are of a type that is not covered by the credit support, certificateholders will bear their allocable share of deficiencies. In particular, Defaulted Mortgage Losses, Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses will not be covered. To the extent that the credit enhancement for any series of certificates is exhausted, the certificateholders will bear all further risks of loss not otherwise insured against.

As described in this prospectus and in the accompanying prospectus supplement,

- coverage with respect to Defaulted Mortgage Losses may be provided by a mortgage pool insurance policy,
- coverage with respect to Special Hazard Losses may be provided by a special hazard insurance policy,
- coverage with respect to Bankruptcy Losses may be provided by a bankruptcy bond and
- coverage with respect to Fraud Losses may be provided by a mortgage pool insurance policy or mortgage repurchase bond.

In addition, if stated in the accompanying prospectus supplement, in lieu of or in addition to any or all of the foregoing arrangements, credit enhancement may be in the form of a reserve fund to cover those losses, in the form of subordination of one or more classes of certificates as described under "Subordination," or in the form of a certificate insurance policy, a letter of credit, a mortgage pool insurance policy, surety bonds or other types of insurance policies, other secured or unsecured corporate guarantees or in any other substantially similar form as may be described in the accompanying prospectus supplement, or in the form of a combination of two or more of the foregoing. If stated in the accompanying prospectus supplement, limited credit enhancement may be provided to cover Defaulted Mortgage Losses with respect to mortgage loans with LTV ratios at origination of over 80% that are not insured by a primary insurance policy, to the extent that those losses would be covered under a primary insurance policy if obtained, or may be provided in lieu of title insurance coverage, in the form of a corporate guaranty or in other forms

described in this section. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

In addition, the credit support may be provided by an assignment of the right to receive cash amounts, a deposit of cash into a reserve fund or other pledged assets, or by banks, insurance companies, guarantees or any combination of credit support identified in the accompanying prospectus supplement. Credit support may also be provided in the form of an insurance policy covering the risk of collection and adequacy of any Additional Collateral provided in connection with any Additional Collateral Loan, as limited by that insurance policy. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

Each prospectus supplement will include a description of:

- the amount payable under the credit enhancement arrangement, if any, provided with respect to a series;
- any conditions to payment not otherwise described in this prospectus;
- the conditions under which the amount payable under the credit support may be reduced and under which the credit support may be terminated or replaced; and
- the material provisions of any agreement relating to the credit support.

Additionally, each prospectus supplement will contain information with respect to the issuer of any third-party credit enhancement, if applicable The pooling and servicing agreement or other documents may be modified in connection with the provisions of any credit enhancement arrangement to provide for reimbursement rights, control rights or other provisions that may be required by the credit enhancer. To the extent provided in the applicable pooling and servicing agreement, the credit enhancement arrangements may be periodically modified, reduced and substituted for based on the performance of or on the aggregate outstanding principal balance of the mortgage loans covered. See "Description of Credit Enhancement-Reduction or Substitution of Credit Enhancement." If specified in the accompanying prospectus supplement, credit support for a series of certificates may cover one or more other series of certificates.

The descriptions of any insurance policies, bonds or other instruments described in this prospectus or any prospectus supplement and the coverage under those instruments do not purport to be complete and are qualified in their entirety by reference to the actual forms of the policies, copies of which typically will be exhibits to the Form 8-K to be filed with the Securities and Exchange Commission in connection with the issuance of the related series of certificates.

Letters of Credit

If any component of credit enhancement as to any series of certificates is to be provided by a letter of credit, a bank will deliver to the trustee an irrevocable letter of credit. The letter of credit may provide direct coverage with respect to the mortgage collateral. The letter of credit bank, the amount available under the letter of credit with respect to each component of credit enhancement, the expiration date of the letter of credit, and a more detailed description of the letter of credit will be specified in the accompanying prospectus supplement. On or before each distribution date, the letter of credit bank will be required to make payments after notification from the trustee, to be

deposited in the related Certificate Account with respect to the coverage provided. The letter of credit may also provide for the payment of Advances.

Subordination

A senior/subordinate series of certificates will consist of one or more classes of senior certificates and one or more classes of subordinate certificates, as specified in the accompanying prospectus supplement. Subordination of the subordinate certificates of any senior/subordinate series will be effected by the following method, unless an alternative method is specified in the accompanying prospectus supplement. In addition, some classes of senior or subordinate certificates may be senior to other classes of senior or subordinate certificates, as specified in the accompanying prospectus supplement.

For any senior/subordinate series, the total amount available for distribution on each distribution date, as well as the method for allocating that amount among the various classes of certificates included in the series, will be described in the accompanying prospectus supplement. In most cases, for any series, the amount available for distribution will be allocated first to interest on the senior certificates of that series, and then to principal of the senior certificates up to the amounts described in the accompanying prospectus supplement, prior to allocation of any amounts to the subordinate certificates.

If so provided in the pooling and servicing agreement, the master servicer or servicer may be permitted, under certain circumstances, to purchase any mortgage loan or contract that is three or more months delinquent in payments of principal and interest, at the repurchase price. Any Realized Loss subsequently incurred in connection with any such mortgage loan may be, under certain circumstances, passed through to the holders of then outstanding certificates with a certificate principal balance greater than zero of the related series in the same manner as Realized Losses on mortgage loans that have not been so purchased, unless that purchase was made upon the request of the holder of the most junior class of certificates of the related series. See "Description of the Certificates-Servicing and Administration of Mortgage Collateral-Special Servicing" above.

In the event of any Realized Losses not in excess of the limitations described below (other than Extraordinary Losses), the rights of the subordinate certificateholders to receive distributions will be subordinate to the rights of the senior certificateholders

and the owner of the Spread and, as to certain classes of subordinated certificates, may be subordinate to the rights of other subordinate certificateholders.

Except as noted below, Realized Losses will be allocated to the subordinate certificates of the related series until their outstanding principal balances have been reduced to zero. Additional Realized Losses, if any, will be allocated to the senior certificates. If the series includes more than one class of senior certificates, the accompanying prospectus supplement will describe how Realized Losses are allocated. In general, Realized Losses will be allocated on a pro rata basis among all of the senior certificates in proportion to their respective outstanding principal balances. If described in the accompanying prospectus supplement, some classes of senior certificates may be allocated Realized Losses before other classes of senior certificates.

The accompanying prospectus supplement will describe how Special Hazard Losses in excess of the Special Hazard Amount will be allocated among all outstanding classes of certificates. In general, such losses will be allocated among all outstanding classes of certificates of the related series on a pro rata basis in proportion to their outstanding principal balances. The respective amounts of other specified types of losses, including

Fraud Losses and Bankruptcy Losses, that may be borne solely by the subordinate certificates may be similarly limited to the Fraud Loss Amount and Bankruptcy Amount, and the subordinate certificates may provide no coverage with respect to Extraordinary Losses or other specified types of losses, which will be described in the accompanying prospectus supplement, in which case those losses would be allocated on a pro rata basis among all outstanding classes of certificates in accordance with their respective certificate principal balances as described in the accompanying prospectus supplement. Each of the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be subject to periodic reductions and may be subject to further reduction or termination, without the consent of the certificateholders, upon the written confirmation from each applicable rating agency that the then-current rating of the related series of certificates will not be adversely affected.

In most cases, any allocation of a Realized Loss, including a Special Hazard Loss, Fraud Loss or Bankruptcy Loss, to a certificate in a senior/subordinate series will be made by reducing its outstanding principal balance as of the distribution date following the calendar month in which the Realized Loss was incurred.

The rights of holders of the various classes of certificates of any series to receive distributions of principal and interest is determined by the aggregate outstanding principal balance of each class or, if applicable, the related notional amount. The outstanding principal balance of any certificate will be reduced by all amounts previously distributed on that certificate representing principal, and by any Realized Losses allocated thereto. If there are no Realized Losses or Principal Prepayments on any item of mortgage collateral, the respective rights of the holders of certificates of any series to future distributions generally would not change. However, to the extent described in the accompanying prospectus supplement, holders of senior certificates may be entitled to receive a disproportionately larger amount of prepayments received during specified periods, which will have the effect, absent offsetting losses, of accelerating the amortization of the senior certificates and increasing the respective percentage ownership interest evidenced by the subordinate certificates in the related trust, with a corresponding decrease in the percentage of the outstanding principal balances of the senior certificates, thereby preserving the availability of the subordination provided by the subordinate certificates. In addition, some Realized Losses will be allocated first to subordinate certificates by reduction of their outstanding principal balance, which will have the effect of increasing the respective ownership interest evidenced by the senior certificates in the related trust.

If so provided in the accompanying prospectus supplement, some amounts otherwise payable on any distribution date to holders of subordinate certificates may be deposited into a reserve fund. Amounts held in any reserve fund may be applied as described under "Description of Credit Enhancement-Reserve Funds" and in the accompanying prospectus supplement.

In lieu of the foregoing provisions, subordination may be effected by limiting the rights of the holders of subordinate certificates to receive the Subordinate Amount to the extent described in the accompanying prospectus supplement. As specified in the accompanying prospectus supplement, the Subordinate Amount may be reduced based upon the amount of losses borne by the holders of the subordinate certificates as a result of the subordination, a specified schedule or other method of reduction as the prospectus supplement may specify.

The exact terms and provisions of the subordination of any subordinate certificate will be described in the accompanying prospectus supplement.

Overcollateralization

If stated in the accompanying prospectus supplement, interest collections on the mortgage collateral may exceed interest payments on the certificates for the related distribution date. To the extent such excess interest is applied as principal payments on the certificates, the effect will be to reduce the principal balance of the certificates relative to the outstanding balance of the mortgage collateral, thereby creating overcollateralization and additional protection to the certificateholders, as specified in the accompanying prospectus supplement.

Mortgage Pool Insurance Policies

Any insurance policy covering losses on a mortgage collateral pool obtained by the depositor for a trust will be issued by the pool insurer. Each mortgage pool insurance policy, in accordance with the limitations described in this prospectus and in the prospectus supplement, if any, will cover Defaulted Mortgage Losses in an amount specified in the prospectus supplement. As described under "-Maintenance of Credit Enhancement," the master servicer, servicer or Certificate Administrator will use its best reasonable efforts

to maintain the mortgage pool insurance policy and to present claims thereunder to the pool insurer on behalf of itself, the trustee and the certificateholders. The mortgage pool insurance policies, however, are not blanket policies against loss, since claims thereunder may only be made respecting particular defaulted mortgage loans and only upon satisfaction of specified conditions precedent described in the succeeding paragraph. Unless specified in the accompanying prospectus supplement, the mortgage pool insurance policies may not cover losses due to a failure to pay or denial of a claim under a primary insurance policy, irrespective of the reason therefor.

As more specifically provided in the accompanying prospectus supplement, each mortgage pool insurance policy will provide for conditions under which claims may be presented and covered under the policy. Upon satisfaction of these conditions, the pool insurer will have the option either (a) to purchase the property securing the defaulted mortgage loan at a price equal to its outstanding principal balance plus accrued and unpaid interest at the applicable mortgage rate to the date of purchase and some expenses incurred by the master servicer, servicer or subservicer on behalf of the trustee and certificateholders, or (b) to pay the amount by which the sum of the outstanding principal balance of the defaulted mortgage loan plus accrued and unpaid interest at the mortgage rate to the date of payment of the claim and the aforementioned expenses exceeds the proceeds received from an approved sale of the mortgaged property, in either case net of some amounts paid or assumed to have been paid under any related primary insurance policy.

Certificateholders will experience a shortfall in the amount of interest payable on the related certificates in connection with the payment of claims under a mortgage pool insurance policy because the pool insurer is only required to remit unpaid interest through the date a claim is paid rather than through the end of the month in which the claim is paid. In addition, the certificateholders will also experience losses with respect to the related certificates in connection with payments made under a mortgage pool insurance policy to the extent that the master servicer, servicer or subservicer expends funds to cover unpaid real estate taxes or to repair the related mortgaged property in order to make a claim under a mortgage pool insurance policy, as those amounts will not be covered by payments under the policy and will be reimbursable to the master servicer, servicer or subservicer from funds otherwise payable to the certificateholders. If any mortgaged property securing a defaulted mortgage loan is damaged and proceeds, if any (see "-Special Hazard Insurance Policies" below for risks which are not covered by those policies), from the related hazard insurance policy or applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery

under the mortgage pool insurance policy, the master servicer, servicer or subservicer is not required to expend its own funds to restore the damaged property unless it determines that (a) restoration will increase the proceeds to certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer, servicer or subservicer for its expenses and (b) the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds.

A mortgage pool insurance policy and some primary insurance policies will likely not insure against loss sustained by reason of a default arising from, among other things, fraud or negligence in the origination or servicing of a mortgage loan, including misrepresentation by the mortgagor, the mortgage collateral seller or other persons involved in the origination thereof, failure to construct a mortgaged property in accordance with plans and specifications or bankruptcy, unless, if specified in the accompanying prospectus supplement, an endorsement to the mortgage pool insurance policy provides for insurance against that type of loss. Depending upon the nature of the event, a breach of a representation made by Residential Funding Corporation or a designated seller may also have occurred. If the breach of that representation materially and adversely affects the interests of certificateholders and cannot be cured, the breach would give rise to a repurchase obligation on the part of Residential Funding Corporation or a designated seller, as described under "The Trusts -Representations with Respect to Mortgage Collateral."

The original amount of coverage under each mortgage pool insurance policy will be reduced over the life of the related series of certificates by the aggregate amount of claims paid less the aggregate of the net amounts realized by the pool insurer upon disposition of all foreclosed properties. The amount of claims paid includes some expenses incurred by the master servicer, servicer or subservicer as well as accrued interest on delinquent mortgage loans to the date of payment of the claim. See "Certain Legal Aspects of Mortgage Loans and Contracts." Accordingly, if aggregate net claims paid under any mortgage pool insurance policy reach the original policy limit, coverage under that mortgage pool insurance policy will be exhausted and any further losses will be borne by the related certificateholders. In addition, unless the master servicer or servicer determines that an Advance relating to a delinquent mortgage loan would be recoverable to it from the proceeds of the liquidation of the mortgage loan or otherwise, the master servicer or servicer would not be obligated to make an Advance respecting any delinquency since the Advance would not be ultimately recoverable to it from either the mortgage pool insurance policy or from any other related source. See "Description of the Certificates-Advances."

Since each mortgage pool insurance policy will require that the property subject to a defaulted mortgage loan be restored to its original condition prior to claiming against the pool insurer, the policy will not provide coverage against hazard losses. As described under "Insurance Policies on Mortgage Loans or Contracts-Standard Hazard Insurance on Mortgaged Properties," the hazard policies covering the mortgage loans typically exclude from coverage physical damage resulting from a number of causes and, even when the damage is covered, may afford recoveries which are significantly less than full replacement cost of those losses. Additionally, no coverage for Special Hazard Losses, Fraud Losses or Bankruptcy Losses will cover all risks, and the amount of any such coverage will be limited. See "-Special Hazard Insurance Policies" below. As a result, certain hazard risks will not be insured against and may be borne by certificateholders.

Contract pools may be covered by pool insurance policies that are similar to the mortgage pool insurance policies described above.

Special Hazard Insurance Policies

Any insurance policy covering Special Hazard Losses obtained for a trust will be issued by the insurer named in the accompanying prospectus supplement. Each special hazard insurance policy subject to limitations described in this paragraph and in the accompanying prospectus supplement, if any, will protect the related certificateholders from Special Hazard Losses. Aggregate claims under a special hazard insurance policy will be limited to the amount described in the accompanying prospectus supplement and will be subject to reduction as described in the accompanying prospectus supplement. A special hazard insurance policy will provide that no claim may be paid unless hazard and, if applicable, flood insurance on the property securing the mortgage loan or contract has been kept in force and other protection and preservation expenses have been paid by the master servicer or servicer.

In accordance with the foregoing limitations, a special hazard insurance policy will provide that, where there has been damage to property securing a foreclosed mortgage loan, title to which has been acquired by the insured, and to the extent the damage is not covered by the hazard insurance policy or flood insurance policy, if any, maintained by the mortgagor or the master servicer, servicer or the subservicer, the insurer will pay the lesser of (i) the cost of repair or replacement of the related property or (ii) upon transfer of the property to the insurer, the unpaid principal balance of the mortgage loan or contract at the time of acquisition of the related property by foreclosure or deed in lieu of foreclosure, plus accrued interest at the mortgage rate to the date of claim settlement and certain expenses incurred by the master servicer, servicer or the subservicer with respect to the related property.

If the property is transferred to a third party in a sale approved by the special hazard insurer, the amount that the special hazard insurer will pay will be the amount under (ii) above reduced by the net proceeds of the sale of the property. If the unpaid principal balance plus accrued interest and some expenses is paid by the special hazard insurer, the amount of further coverage under the related special hazard insurance policy will be reduced by that amount less any net proceeds from the sale of the property. Any amount paid as the cost of repair of the property will further reduce coverage by that amount. Restoration of the property with the proceeds described under (i) above will satisfy the condition under each mortgage pool insurance policy or contract pool insurance policy that the property be restored before a claim under the policy may be validly presented with respect to the defaulted mortgage loan or contract secured by the related property. The payment described under (ii) above will render presentation of a claim relating to a mortgage loan or contract under the related mortgage pool insurance policy or contract pool insurance policy unnecessary. Therefore, so long as a mortgage pool insurance policy or contract pool insurance policy remains in effect, the payment by the insurer under a special hazard insurance policy of the cost of repair or of the unpaid principal balance of the related mortgage loan or contract plus accrued interest and some expenses will not affect the total Insurance Proceeds paid to certificateholders, but will affect the relative amounts of coverage remaining under the related special hazard insurance policy and mortgage pool insurance policy or contract pool insurance policy.

To the extent described in the accompanying prospectus supplement, coverage relating to Special Hazard Losses for a series of certificates may be provided by means of a representation of the depositor or Residential Funding Corporation.

Mortgage Insurance Policies

If stated in the accompanying prospectus supplement, the depositor may acquire a mortgage insurance policy for all or a portion of the mortgage loans or contracts in a

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mortgage pool or contract pool, or covered loans, with current LTV ratios in excess of a percentage stated in the prospectus supplement. Any insurance policy for the covered loans will be issued by a mortgage insurer. The mortgage insurance policy will insure a portion of the loss that may be incurred on each covered loan. If stated in the accompanying prospectus supplement, the aggregate amount payable by the mortgage insurer under the mortgage insurance policy may be limited.

Bankruptcy Bonds

In the event of a personal bankruptcy of a mortgagor and a filing under Chapter 13 of the Bankruptcy Code, a bankruptcy court may establish the value of the mortgaged property of the mortgagor, and, if specified in the related prospectus supplement, any related Additional Collateral, at a Deficient Valuation. Under current law, Deficient Valuations are not permitted with respect to first liens on the related mortgaged property, but may occur with respect to a mortgage loan secured by a junior lien if the value of the related mortgaged property at the time of the filing is less than the amount of any first lien.

In addition, other modifications of the terms of a mortgage loan or contract can result from a bankruptcy proceeding without a permanent forgiveness of the principal amount of the mortgage loan, including a Debt Service Reduction. See "Certain Legal Aspects of Mortgage Loans and Contracts-The Mortgage Loans-Anti-Deficiency Legislation and Other Limitations on Lenders." Any bankruptcy policy to provide coverage for Bankruptcy Losses resulting from proceedings under the federal Bankruptcy Code obtained for a trust will be issued by an insurer named in the accompanying prospectus supplement. The level of coverage under each bankruptcy policy will be described in the accompanying prospectus supplement.

Reserve Funds

If stated in the accompanying prospectus supplement, the depositor will deposit or cause to be deposited in a reserve fund, any combination of cash or Permitted Investments in specified amounts, or any other instrument satisfactory to the rating agency or agencies, which will be applied and maintained in the manner and under the conditions specified in the accompanying prospectus supplement. In the alternative or in addition to that deposit, to the extent described in the accompanying prospectus supplement, a reserve fund may be funded through application of all or a portion of amounts otherwise payable on any related subordinate certificates, from the Spread or otherwise. To the extent that the funding of the reserve fund is dependent on amounts otherwise payable on related subordinate certificates, Spread or other cash flows attributable to the related mortgage loans or on reinvestment income, the reserve fund may provide less coverage than initially expected if the cash flows or reinvestment income on which the funding is dependent are lower than anticipated.

For any series of certificates as to which credit enhancement includes a letter of credit, if stated in the accompanying prospectus supplement, under specified circumstances the remaining amount of the letter of credit may be drawn by the trustee and deposited in a reserve fund. Amounts in a reserve fund may be distributed to certificateholders, or applied to reimburse the master servicer or servicer for outstanding Advances, or may be used for other purposes, in the manner and to the extent specified in the accompanying prospectus supplement. If stated in the accompanying prospectus supplement, amounts in a reserve fund may be available only to cover specific types of losses, or losses on specific mortgage loans. A reserve fund may provide coverage to more than one series of certificates, if described in the accompanying prospectus supplement.

The trustee will have a perfected security interest for the benefit of the certificateholders in the assets in the reserve fund, unless the assets are owned by the related trust. However, to the extent that the depositor, any affiliate of the depositor or any other entity has an interest in any reserve fund, in the event of the bankruptcy, receivership or insolvency of that entity, there could be delays in withdrawals from the reserve fund and the corresponding payments to the certificateholders. These delays could adversely affect the yield to investors on the related certificates.

Amounts deposited in any reserve fund for a series will be invested in Permitted Investments by, or at the direction of, and for the benefit of a servicer, the master servicer, the Certificate Administrator or any other person named in the accompanying prospectus supplement.

Certificate Insurance Policies; Surety Bond

The depositor may obtain one or more certificate insurance policies or guaranties or one or more surety bonds, or one or more guarantees issued by insurers or other parties acceptable to the rating agency or agencies rating the certificates offered insuring the holders of one or more classes of certificates the payment of amounts due in accordance with the terms of that class or those classes of certificates. Any certificate insurance policy, surety bond or guaranty will have the characteristics described in, and will be in accordance with any limitations and exceptions described in, the accompanying prospectus supplement.

Maintenance of Credit Enhancement

If credit enhancement has been obtained for a series of certificates, the master servicer, the servicer or the Certificate Administrator will be obligated to exercise its best reasonable efforts to keep or cause to be kept the credit enhancement in full force and effect throughout the term of the applicable pooling and servicing agreement, unless coverage thereunder has been exhausted through payment of claims or otherwise, or substitution therefor is made as described below under "-Reduction or Substitution of Credit Enhancement." The master servicer, the servicer or the Certificate Administrator, as applicable, on behalf of itself, the trustee and certificateholders, will be required to provide information required for the trustee to draw under any applicable credit enhancement.

The master servicer, the servicer or the Certificate Administrator will agree to pay the premiums for each mortgage pool insurance policy, special hazard insurance policy, mortgage insurance policy, bankruptcy policy, certificate insurance policy or surety bond, as applicable, on a timely basis, unless the premiums are paid directly by the trust. As to mortgage pool insurance policies generally, if the related insurer ceases to be a Qualified Insurer, the master servicer, the servicer or the Certificate Administrator will use its best reasonable efforts to obtain from another Qualified Insurer a comparable replacement insurance policy or bond with a total coverage equal to the then outstanding coverage of the policy or bond. If the cost of the replacement policy is greater than the cost of the existing policy or bond, the coverage of the replacement policy or bond will, unless otherwise agreed to by the depositor, be reduced to a level so that its premium rate does not exceed the premium rate on the original insurance policy. Any losses in market value of the certificates associated with any reduction or withdrawal in rating by an applicable rating agency shall be borne by the certificateholders.

If any property securing a defaulted mortgage loan or contract is damaged and proceeds, if any, from the related hazard insurance policy or any applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy or any related primary insurance policy, the master servicer is not required to expend its own funds to restore the damaged property unless it determines (i) that restoration will increase the proceeds to one or more classes of certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer for its expenses and (ii) that the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds. If recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy, other credit enhancement or any related primary insurance policy is not available because the master servicer has been unable to make the above determinations, has made the determinations incorrectly or recovery is not available for any other reason, the master servicer is nevertheless obligated to follow whatever normal practices and procedures, in accordance with the preceding sentence, that it deems necessary or advisable to realize upon the defaulted mortgage loan and if this determination has been incorrectly made, is entitled to reimbursement of its expenses in connection with the restoration.

Reduction or Substitution of Credit Enhancement

The amount of credit support provided with respect to any series of certificates and relating to various types of losses incurred may be reduced under specified circumstances. In most cases, the amount available as credit support will be subject to periodic reduction on a non-discretionary basis in accordance with a schedule or formula described in the accompanying prospectus supplement. Additionally, in most cases, the credit support may be replaced, reduced or terminated, and the formula used in calculating the amount of coverage with respect to Bankruptcy Losses, Special Hazard Losses or Fraud Losses may be changed, without the consent of the certificateholders, upon the written assurance from each applicable rating agency that the then-current rating of the related series of certificates

will not be adversely affected thereby and consent of the related credit enhancer, if applicable.

Furthermore, if the credit rating of any obligor under any applicable credit enhancement is downgraded, the credit rating of each class of the related certificates may be downgraded to a corresponding level, and neither the master servicer, the servicer, the Certificate Administrator nor the depositor will be obligated to obtain replacement credit support in order to restore the rating of the certificates. The master servicer, the servicer or the Certificate Administrator, as applicable, will also be permitted to replace any credit support with other credit enhancement instruments issued by obligors whose credit ratings are equivalent to the downgraded level and in lower amounts that would satisfy the downgraded level, provided that the then-current rating of each class of the related series of certificates is maintained. Where the credit support is in the form of a reserve fund, a permitted reduction in the amount of credit enhancement will result in a release of all or a portion of the assets in the reserve fund to the depositor, the master servicer or any other person that is entitled to the credit support. Any assets so released and any amount by which the credit enhancement is reduced will not be available for distributions in future periods.

OTHER FINANCIAL OBLIGATIONS RELATED TO THE CERTIFICATES

Swaps and Yield Supplement Agreements

The trustee on behalf of the trust may enter into interest rate swaps and related caps, floors and collars to minimize the risk to certificateholders of adverse changes in interest rates, and other yield supplement agreements or similar yield maintenance arrangements that do not involve swap agreements or other notional principal contracts.

An interest rate swap is an agreement between two parties to exchange a stream of interest payments on an agreed hypothetical or "notional" principal amount. No principal amount is exchanged between the counterparties to an interest rate swap. In the typical swap, one party agrees to pay a fixed-rate on a notional principal amount, while the counterparty pays a floating rate based on one or more reference interest rates including the London Interbank Offered Rate, or LIBOR, a specified bank's prime rate or U.S. Treasury Bill rates. Interest rate swaps also permit counterparties to exchange a floating rate obligation based upon one reference interest rate (such as LIBOR) for a floating rate obligation based upon another referenced interest rate (such as U.S. Treasury Bill rates).

The swap market has grown substantially in recent years with a significant number of banks and financial service firms acting both as principals and as agents utilizing standardized swap documentation. Caps, floors and collars are more recent innovations, and they are less liquid than other swaps.

Yield supplement agreements may be entered into to supplement the interest rate or rates on one or more classes of the certificates of any series.

There can be no assurance that the trust will be able to enter into or offset swaps or enter into yield supplement agreements at any specific time or at prices or on other terms that are advantageous. In addition, although the terms of the swaps and yield supplement agreements may provide for termination under some circumstances, there can be no assurance that the trust will be able to terminate a swap or yield supplement agreement when it would be economically advantageous to the trust to do so.

Purchase Obligations

Some types of mortgage collateral and classes of certificates of any series, as specified in the accompanying prospectus supplement, may be subject to a purchase obligation. The terms and conditions of each purchase obligation, including the purchase price, timing and payment procedure, will be described in the accompanying prospectus supplement. A purchase obligation with respect to mortgage collateral may apply to the mortgage collateral or to the related certificates. Each purchase obligation may be a secured or unsecured obligation of its provider, which may include a bank or other financial institution or an insurance company. Each purchase obligation will be evidenced by an instrument delivered to the trustee for the benefit of the applicable certificateholders of the related series. Each purchase obligation with respect to mortgage collateral will be payable solely to the trustee for the benefit of the certificateholders of the related series. Other purchase obligations may be payable to the trustee or directly to the holders of the certificates to which the obligations relate.

INSURANCE POLICIES ON MORTGAGE LOANS OR CONTRACTS

Each mortgage loan or contract will be required to be covered by a hazard insurance policy (as described below) and, at times, a primary insurance policy. The descriptions of any insurance policies contained in this prospectus or any prospectus supplement and the coverage thereunder do not purport to be complete and are qualified in their entirety by reference to the forms of policies.

Primary Insurance Policies

In general, and except as described below, (i) each mortgage loan having an LTV ratio at origination of over 80%, except in the case of certain borrowers with acceptable credit histories, will be covered by a primary mortgage guaranty insurance policy insuring against

default on the mortgage loan up to an amount described in the accompanying prospectus supplement, unless and until the principal balance of the mortgage loan is reduced to a level that would produce an LTV ratio equal to or less than 80%, and (ii) the depositor or Residential Funding Corporation will represent and warrant that, to the best of its knowledge, the mortgage loans are so covered. Alternatively, coverage of the type that would be provided by a primary insurance policy if obtained may be provided by another form of credit enhancement as described in this prospectus under "Description of Credit Enhancement." However, the foregoing standard may vary significantly depending on the characteristics of the mortgage loans and the applicable underwriting standards. A mortgage loan will not be considered to be an exception to the foregoing standard if no primary insurance policy was obtained at origination but the mortgage loan has amortized to an 80% or less LTV ratio level as of the applicable cut-off date. In most cases, the depositor will have the ability to cancel any primary insurance policy if the LTV ratio of

the mortgage loan is reduced to 80% or less (or a lesser specified percentage) based on an appraisal of the mortgaged property after the related closing date or as a result of principal payments that reduce the principal balance of the mortgage loan after the closing date.

Pursuant to recently enacted federal legislation, mortgagors with respect to many residential mortgage loans originated on or after July 29, 1999 will have a right to request the cancellation of any private mortgage insurance policy insuring loans when the outstanding principal amount of the mortgage loan has been reduced or is scheduled to have been reduced to 80% or less of the value of the mortgaged property at the time the mortgage loan was originated. The mortgagor's right to request the cancellation of the policy is subject to certain conditions, including (i) the condition that no monthly payment has been thirty days or more past due during the twelve months prior to the cancellation date, and no monthly payment has been sixty days or more past due during the twelve months prior to that period, (ii) there has been no decline in the value of the mortgaged property since the time the mortgage loan was originated and (iii) the mortgaged property is not encumbered by subordinate liens. In addition, any requirement for private mortgage insurance will automatically terminate when the scheduled principal balance of the mortgage loan, based on the original amortization schedule for the mortgage loan, is reduced to 78% or less of the value of the mortgaged property at the time of origination, provided the mortgage loan is current. The legislation requires that mortgagors be provided written notice of their cancellation rights at the origination of the mortgage loans.

If the requirement for private mortgage insurance is not otherwise canceled or terminated in the circumstances described above, it must be terminated no later than the first day of the month immediately following the date that is the midpoint of the loan's amortization period, if, on that date, the borrower is current on the payments required by the terms of the loan. The mortgagee's or servicer's failure to comply with the law could subject such parties to civil money penalties but would not affect the validity or enforceability of the mortgage loan. The law does not preempt any state law regulating private mortgage insurance except to the extent that such law is inconsistent with the federal law and then only to the extent of the inconsistency.

Mortgage loans that are subject to negative amortization will only be covered by a primary insurance policy if that coverage was required upon their origination, notwithstanding that subsequent negative amortization may cause that mortgage loan's LTV ratio, based on the then-current balance, to subsequently exceed the limits that would have required coverage upon their origination.

Primary insurance policies may be required to be obtained and paid for by the mortgagor, or may be paid for by the servicer.

While the terms and conditions of the primary insurance policies issued by one primary mortgage guaranty insurer will usually differ from those in primary insurance policies issued by other primary insurers, each primary insurance policy generally will pay either:

- the insured percentage of the loss on the related mortgaged property;
- the entire amount of the loss, after receipt by the primary insurer of good and merchantable title to, and possession of, the mortgaged property; or
- at the option of the primary insurer under certain primary insurance policies, the sum of the delinquent monthly payments plus any Advances made by the insured, both to the date of the claim payment and, thereafter, monthly payments in the amount that would have become due under the mortgage loan if it had not been discharged plus any Advances made by the insured until the earlier of (a) the date the mortgage loan would have been discharged in full if the default had not occurred or (b) an approved sale.

The amount of the loss as calculated under a primary insurance policy covering a mortgage loan will in most cases consist of the unpaid principal amount of such mortgage loan and accrued and unpaid interest thereon and reimbursement of some expenses, less:

- rents or other payments received by the insured (other than the proceeds of hazard insurance) that are derived from the related mortgaged property;
- hazard insurance proceeds received by the insured in excess of the amount required to restore the mortgaged property and which have not been applied to the payment of the mortgage loan;
- amounts expended but not approved by the primary insurer;
- claim payments previously made on the mortgage loan; and
- unpaid premiums and other amounts.

As conditions precedent to the filing or payment of a claim under a primary insurance policy, in the event of default by the mortgagor, the insured will typically be required, among other things, to:

- advance or discharge (a) hazard insurance premiums and (b) as necessary and approved in advance by the primary insurer, real estate taxes, protection and preservation expenses and foreclosure and related costs;
- in the event of any physical loss or damage to the mortgaged property, have the mortgaged property restored to at least its condition at the effective date of the primary insurance policy (ordinary wear and tear excepted); and
- tender to the primary insurer good and merchantable title to, and possession of, the mortgaged property.

For any certificates offered under this prospectus, the master servicer or servicer will maintain or cause each subservicer to maintain, as the case may be, in full force and effect and to the extent coverage is available a primary insurance policy with regard to each mortgage loan for which coverage is required under the standard described above unless

an exception to such standard applies or alternate credit enhancement is provided as described in the accompanying prospectus supplement; provided that the primary insurance policy was in place as of the cut-off date and the depositor had knowledge of such primary insurance policy. If the depositor gains knowledge that as of the closing date, a mortgage loan had an LTV ratio at origination in excess of 80% and was not the subject of a primary insurance policy, and was not included in any exception to its representations or covered by alternate credit enhancement as described in the accompanying prospectus supplement, and that the mortgage loan has a then current LTV ratio in excess of 80%, then the master servicer is required to use its reasonable efforts to obtain and maintain a primary insurance policy to the extent that a policy is obtainable at a reasonable price.

Standard Hazard Insurance on Mortgaged Properties

The terms of the mortgage loans (other than Cooperative Loans) require each mortgagor to maintain a hazard insurance policy covering the related mortgaged property and providing for coverage at least equal to that of the standard form of fire insurance policy with extended coverage customary in the state in which the property is located. Most coverage will be in an amount equal to the lesser of the principal balance of the mortgage loan, the guaranteed replacement value, or 100% of the insurable value of the improvements securing the mortgage loan. The pooling and servicing agreement will provide that the master servicer or servicer shall cause the hazard policies to be maintained or shall obtain a blanket policy insuring against losses on the mortgage loans. The master servicer may satisfy its obligation to cause hazard policies to be maintained by maintaining a blanket policy insuring against losses on those mortgage loans. The ability of the master servicer or servicer to ensure that hazard insurance proceeds are appropriately applied may be dependent on its being named as an additional insured under any hazard insurance policy and under any flood insurance policy referred to below, or upon the extent to which information in this regard is furnished to the master servicer or the servicer by mortgagors or subservicers.

The standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike and civil commotion, in accordance with the conditions and exclusions specified in each policy. The policies relating to the mortgage loans will be underwritten by different insurers under different state laws in accordance with different applicable state forms and therefore will not contain identical terms and conditions, the basic terms of which are dictated by respective state laws. These policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement, including earthquakes, landslides and mudflows, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in some cases, vandalism. The foregoing list is merely indicative of some kinds of uninsured risks and is not intended to be all-inclusive. Where the improvements securing a mortgage loan are located in a federally designated flood area at the time of origination of that mortgage loan, the pooling and servicing agreement typically requires the master servicer or servicer to cause to be maintained for each such mortgage loan serviced, flood insurance, to the extent available, in an amount equal to the lesser of the amount required to compensate for any loss or damage on a replacement cost basis or the maximum insurance available under the federal flood insurance program.

The hazard insurance policies covering the mortgaged properties typically contain a co-insurance clause that in effect requires the related mortgagor at all times to carry insurance of a specified percentage, typically 80% to 90%, of the full replacement value of the improvements on the property in order to recover the full amount of any partial loss. If the related mortgagor's coverage falls below this specified percentage, this clause usually provides that the insurer's liability in the event of partial loss does not exceed the greater of (i) the replacement cost of the improvements damaged or destroyed less physical depreciation or (ii) the proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of the improvements.

Since the amount of hazard insurance that mortgagors are required to maintain on the improvements securing the mortgage loans may decline as the principal balances owing thereon decrease, and since residential properties have historically appreciated in value over time, hazard insurance proceeds could be insufficient to restore fully the damaged property in the event of a partial loss. See "Subordination" above for a description of when subordination is provided, the protection, limited to the Special Hazard Amount as described in the accompanying prospectus supplement, afforded by subordination, and "Description of Credit Enhancement-Special Hazard Insurance Policies" for a description of the limited protection afforded by any special hazard insurance policy against losses occasioned by hazards which are otherwise uninsured against.

Standard Hazard Insurance on Manufactured Homes

The terms of the pooling and servicing agreement will require the servicer or the master servicer, as applicable, to cause to be maintained with respect to each contract one or more standard hazard insurance policies that provide, at a minimum, the same coverage as a standard form fire and extended coverage insurance policy that is customary for manufactured housing, issued by a company authorized to issue the policies in the state in which the manufactured home is located, and in an amount that is not less than the maximum insurable value of the manufactured home or the principal balance due from the mortgagor on the related contract, whichever is less. Coverage may be provided by one or more blanket insurance policies covering losses on the contracts resulting from the absence or insufficiency of individual standard hazard insurance policies. If a manufactured home's location was, at the time of origination of the related contract, within a federally designated flood area, the servicer or the master servicer also will be required to maintain flood insurance.

If the servicer or the master servicer repossesses a manufactured home on behalf of the trustee, the servicer or the master servicer will either maintain at its expense hazard insurance for the manufactured home or indemnify the trustee against any damage to the manufactured home prior to resale or other disposition.

THE DEPOSITOR

The depositor is an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc., which is a wholly-owned subsidiary of General Motors Acceptance Corporation, which is a wholly-owned subsidiary of General Motors Corporation. The depositor is a Delaware corporation incorporated in August 1995. The depositor was organized for the purpose of acquiring "Alt-A" mortgage loans and contracts and depositing these loans and contracts into issuing entities that issue securities backed by such mortgage loans and contracts. The depositor does not engage in any other activities and does not have, nor is it expected in the future to have, any significant assets. The depositor anticipates that it will in

many cases have acquired mortgage loans indirectly through Residential Funding Corporation, which is also an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc.

The certificates do not represent an interest in or an obligation of the depositor. The depositor's only obligations with respect to a series of certificates will be to repurchase certain items of mortgage collateral upon any breach of limited representations and warranties made by the depositor.

The depositor maintains its principal office at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. Its telephone number is (952) 857-7000.

RESIDENTIAL FUNDING CORPORATION

Residential Funding Corporation, an affiliate of the depositor, will act as the sponsor and master servicer or Certificate Administrator for each series of certificates, except in the case of a Designated Seller Transaction.

THE POOLING AND SERVICING AGREEMENT

As described in this prospectus under "Introduction" and "Description of the Certificates-General," each series of certificates will be issued under a pooling and servicing agreement as described in that section. The following summaries describe additional provisions common to each pooling and servicing agreement.

Servicing Compensation and Payment of Expenses

Each servicer, the master servicer or the Certificate Administrator, as applicable, will be paid compensation for the performance of its servicing obligations at the percentage per annum described in the accompanying prospectus supplement of the outstanding principal balance of each mortgage loan or contract. Any subservicer will also be entitled to the servicing fee as described in the accompanying prospectus supplement. The servicer or the master servicer, if any, will deduct the servicing fee for the mortgage loans or contracts underlying the certificates of a series in an amount to be specified in the accompanying prospectus supplement. The servicing fees may be fixed or variable. In addition, the master servicer, any servicer or the relevant subservicers, if any, will be entitled to servicing compensation in the form of assumption fees, late payment charges or excess proceeds following disposition of property in connection with defaulted mortgage loans or contracts and any earnings on investments held in the Certificate Account or any Custodial Account, to the extent not applied as Compensating Interest. Any Spread retained by a mortgage collateral seller, the master servicer, or any servicer or subservicer will not constitute part of the servicing fee. Notwithstanding the foregoing, with respect to a series of certificates as to which the trust includes mortgage securities, the compensation payable to the master servicer or Certificate Administrator for servicing and administering such mortgage securities on behalf of the holders of such certificates may be based on a percentage per annum described in the accompanying prospectus supplement of the outstanding balance of such mortgage securities and may be retained from distributions of interest thereon, if stated in the accompanying prospectus supplement. In addition, some reasonable duties of the master servicer may be performed by an affiliate of the master servicer who will be entitled to compensation for performance of those duties.

The master servicer will pay or cause to be paid some of the ongoing expenses associated with each trust and incurred by it in connection with its responsibilities under the pooling and servicing agreement, including, without limitation, payment of any fee or other

amount payable for any alternative credit enhancement arrangements, payment of the fees and disbursements of the trustee, any custodian appointed by the trustee, the certificate registrar and any paying agent, and payment of expenses incurred in enforcing the obligations of subservicers and sellers. The master servicer will be entitled to reimbursement of expenses incurred in enforcing the obligations of subservicers and sellers under limited circumstances. In addition, as indicated in the preceding section, the master servicer will be entitled to reimbursements for some of the expenses incurred by it in connection with Liquidated Mortgage Loans and in connection with the restoration of mortgaged properties, such right of reimbursement being prior to the rights of certificateholders to receive any related Liquidation Proceeds, including Insurance Proceeds.

Evidence as to Compliance

Each pooling and servicing agreement will require the master servicer to deliver to the trustee, on or before the date in each year specified in the related pooling and servicing agreement, and, if required, file with the Commission as part of a Report on Form 10-K filed on behalf of each issuing entity, the following documents:

- a report regarding its assessment of compliance during the preceding calendar year with all applicable servicing criteria set forth in relevant Commission regulations with respect to asset-backed securities transactions taken as a whole involving the master servicer that are backed by the same types of assets as those backing the certificates, as well as similar reports on assessment of compliance received from certain other parties participating in the servicing function as required by relevant Commission regulations;

- with respect to each assessment report described immediately above, a report by a registered public accounting firm that attests to, and reports on, the assessment made by the asserting party, as set forth in relevant Commission regulations; and

- a servicer compliance certificate, signed by an authorized officer of the master servicer, to the effect that:

- A review of the master servicer's activities during the reporting period and of its performance under the applicable pooling and servicing agreement has been made under such officer's supervision; and

- To the best of such officer's knowledge, based on such review, the master servicer has fulfilled all of its obligations under the pooling and servicing agreement in all materials respects throughout the reporting period or, if there has been a failure to fulfill any such obligation in any material respect, specifying

each such failure known to such officer and the nature and status thereof.

The master servicer's obligation to deliver to the trustee any assessment or attestation report described above and, if required, to file the same with the Commission, is limited to those reports prepared by the master servicer and, in the case of reports prepared by any other party, those reports actually received by the master servicer on or before March 31 in each year. In addition, each servicer or subservicer participating in the servicing function with respect to more than 5% of the mortgage loans will provide the foregoing assessment reports with respect to itself and each servicer or subservicer of at least 10% of the mortgage loans will provide the compliance certificate described above with respect to its servicing activities.

Furthermore, if any trust includes mortgage securities, either the related prospectus supplement will specify how to locate Exchange Act reports relating to such mortgage securities or the required information will be provided in such trust's Exchange Act reports while it is a reporting entity.

Certain Other Matters Regarding Servicing

Each servicer, the master servicer or the Certificate Administrator, as applicable, may not resign from its obligations and duties under the related pooling and servicing agreement unless each rating agency has confirmed in writing that the resignation will not qualify, reduce or cause to be withdrawn the then current ratings on the certificates except upon a determination that its duties thereunder are no longer permissible under applicable law. No resignation will become effective until the trustee or a successor servicer or administrator has assumed the servicer's, the master servicer's or the Certificate Administrator's obligations and duties under the related pooling and servicing agreement.

Each pooling and servicing agreement will also provide that neither the servicer, the master servicer or the Certificate Administrator, nor any director, officer, employee or agent of the master servicer or the depositor, will be under any liability to the trust or the certificateholders for any action taken or for refraining from taking any action in good faith under the pooling and servicing agreement, or for errors in judgment. However, neither the servicer, the master servicer or the Certificate Administrator nor any such person will be protected against any liability that would otherwise be imposed by reason of the failure to perform its obligations in compliance with any standard of care described in the pooling and servicing agreement. The servicer, the master servicer or the Certificate Administrator, as applicable, may, in its discretion, undertake any action that it may deem necessary or desirable for the pooling and servicing agreement and the rights and duties of the parties thereto and the interest of the related certificateholders. The legal expenses and costs of the action and any liability resulting therefrom will be expenses, costs and liabilities of the trust and the servicer, the master servicer or the Certificate Administrator will be entitled to be reimbursed out of funds otherwise distributable to certificateholders.

The master servicer will be required to maintain a fidelity bond and errors and omissions policy for its officers and employees and other persons acting on behalf of the master servicer in connection with its activities under the pooling and servicing agreement.

A servicer, the master servicer or the Certificate Administrator may have other business relationships with the company, any mortgage collateral seller or their affiliates.

Events of Default

Events of default under the pooling and servicing agreement for a series of certificates will include:

- any failure by the servicer, if the servicer is a party to the pooling and servicing agreement, or master servicer to make a required deposit to the Certificate Account or, if the master servicer is the paying agent, to distribute to the holders of any class of certificates of that series any required payment which continues unremedied for five days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer, the depositor and the trustee by the holders of certificates of such class evidencing not less than 25% of the aggregate percentage interests constituting that class;

- any failure by the master servicer or Certificate Administrator, as applicable, duly to observe or perform in any material respect any other of its covenants or agreements in the pooling and servicing agreement with respect to that series of certificates which continues unremedied for 30 days, or 15 days in the case of a failure to pay the premium for any insurance policy which is required to be maintained under the pooling and servicing agreement, after the giving of written notice of the failure to the master servicer or Certificate Administrator, as applicable, by the trustee or the depositor, or to the master servicer, the Certificate Administrator, the depositor and the trustee by the holders of any class of certificates of that series evidencing not less than 25%, or 33% in the case of a trust including mortgage securities, of the aggregate percentage interests constituting that class; and

- some events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings regarding the master servicer or the Certificate Administrator and certain actions by the master servicer or the Certificate Administrator indicating its insolvency or inability to pay its obligations.

A default under the terms of any mortgage securities included in any trust will not constitute an event of default under the related pooling and servicing agreement.

Rights Upon Event of Default

So long as an event of default remains unremedied, either the depositor or the trustee may, and, at the direction of the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust, the trustee shall, by written notification to the master servicer or the Certificate Administrator, as applicable, and to

the depositor or the trustee, terminate all of the rights and obligations of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than any rights of the master servicer or the Certificate Administrator as certificateholder, covering the trust and in and to the mortgage collateral and the proceeds thereof, whereupon the trustee or, upon notice to the depositor and with the depositor's consent, its designee will succeed to all responsibilities, duties and liabilities of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than the obligation to purchase mortgage loans under some circumstances, and will be entitled to similar compensation arrangements. If a series of certificates includes credit enhancement provided by a third party credit enhancer, certain of the foregoing rights may be provided to the credit enhancer rather than the certificateholders, if so specified in the applicable prospectus supplement. If the trustee would be obligated to succeed the master servicer but is unwilling so to act, it may appoint or if it is unable so to act, it shall appoint or petition a court of competent jurisdiction for the appointment of, a Fannie Mae- or Freddie Mac-approved mortgage servicing institution with a net worth of at least $10,000,000 to act as successor to the master servicer under the pooling and servicing agreement, unless otherwise described in the pooling and servicing agreement. Pending appointment, the trustee is obligated to act in that capacity. The trustee and such successor may agree upon the servicing compensation to be paid, which in no event may be greater than the compensation to the initial master servicer or the Certificate Administrator under the pooling and servicing agreement. The master servicer is required to reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith.

No certificateholder will have any right under a pooling and servicing agreement to institute any proceeding with respect to the pooling and servicing agreement unless the

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holder previously has given to the trustee written notice of default and the continuance thereof and unless the holders of certificates of any class evidencing not less than 25% of the aggregate percentage interests constituting that class have made written request upon the trustee to institute the proceeding in its own name as trustee thereunder and have offered to the trustee reasonable indemnity and the trustee for 60 days after receipt of the request and indemnity has neglected or refused to institute any proceeding. However, the trustee will be under no obligation to exercise any of the trusts or powers vested in it by the pooling and servicing agreement or to institute, conduct or defend any litigation thereunder or in relation thereto at the request, order or direction of any of the holders of certificates covered by the pooling and servicing agreement, unless the certificateholders have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

Amendment

Each pooling and servicing agreement may be amended by the depositor, the master servicer, the Certificate Administrator or any servicer, as applicable, and the trustee, without the consent of the related certificateholders:

- to cure any ambiguity;
- to correct or supplement any provision therein which may be inconsistent with any other provision therein or to correct any error;
- to change the timing and/or nature of deposits in the Custodial Account or the Certificate Account or to change the name in which the Custodial Account is maintained, except that (a) deposits to the Certificate Account may not occur later than the related distribution date, (b) the change may not adversely affect in any material respect the interests of any certificateholder, as evidenced by an opinion of counsel, and (c) the change may not adversely affect the then-current rating of any rated classes of certificates, as evidenced by a letter from each applicable rating agency;
- if an election to treat the related trust as a "real estate mortgage investment conduit," or REMIC, has been made, to modify, eliminate or add to any of its provisions (a) to the extent necessary to maintain the qualification of the trust as a REMIC or to avoid or minimize the risk of imposition of any tax on the related trust, provided that the trustee has received an opinion of counsel to the effect that (1) the action is necessary or desirable to maintain qualification or to avoid or minimize that risk, and (2) the action will not adversely affect in any material respect the interests of any related certificateholder, or (b) to modify the provisions regarding the transferability of the REMIC residual certificates, provided that the depositor has determined that the change would not adversely affect the applicable ratings of any classes of the certificates, as evidenced by a letter from each applicable rating agency, and that any such amendment will not give rise to any tax with respect to the transfer of the REMIC residual certificates to a non-permitted transferee;
- to make any other provisions with respect to matters or questions arising under the pooling and servicing agreement which are not materially inconsistent with its provisions, so long as the action will not adversely affect in any material respect the interests of any certificateholder; or
- to amend any provision that is not material to holders of any class of related certificates.

The pooling and servicing agreement may also be amended by the depositor, the master servicer, Certificate Administrator or servicer, as applicable, and the trustee with the consent of the holders of certificates of each class affected thereby evidencing, in each case, not less than 66% of the aggregate percentage interests constituting that class for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the pooling and servicing agreement or of modifying in any manner the rights of the related certificateholders, except that no such amendment may (i) reduce in any manner the amount of, or delay the timing of, payments received on mortgage collateral which are required to be distributed on a certificate of any class without the consent of the holder of the certificate or (ii) reduce the percentage of certificates of any class the holders of which are required to consent to any such amendment unless the holders of

all certificates of that class have consented to the change in the percentage. Furthermore, the applicable prospectus supplement will describe any rights a third party credit enhancer may have with respect to amendments to the pooling and servicing agreement.

Notwithstanding the foregoing, if a REMIC election has been made with respect to the related trust, the trustee will not be entitled to consent to any amendment to a pooling and servicing agreement without having first received an opinion of counsel to the effect that the amendment or the exercise of any power granted to the master servicer, the Certificate Administrator, servicer, the depositor or the trustee in accordance with the amendment will not result in the imposition of a tax on the related trust or cause the trust to fail to qualify as a REMIC.

Termination; Retirement of Certificates

The primary obligations created by the pooling and servicing agreement for each series of certificates will terminate upon the payment to the related certificateholders of all amounts held in the Certificate Account or by the master servicer or any servicer and required to be paid to the certificateholders following the earlier of

- the final payment or other liquidation or disposition, or any Advance with respect thereto, of the last item of mortgage collateral subject thereto and all property acquired upon foreclosure or deed in lieu of foreclosure of any mortgage loan or contract and
- the purchase by the master servicer or the servicer from the trust for such series of all remaining mortgage collateral and all property acquired from the mortgage collateral.

Any option to purchase described in the second item above will be limited to cases in which the aggregate Stated Principal Balance of the remaining mortgage loans is less than or equal to ten percent (10%) of the initial aggregate Stated Principal Balance of the mortgage loans or such other time as may be specified in the accompanying prospectus supplement. If the holder of a class of certificates may terminate the trust and cause the outstanding certificates to be redeemed when 25% or more of the initial principal balance of the certificates is still outstanding, the term "callable" will be included in the title of the related certificates. In addition to the foregoing, the master servicer or the servicer may have the option to purchase, in whole but not in part, the certificates specified in the accompanying prospectus supplement in the manner described in the accompanying prospectus supplement. Following the purchase of such certificates, the master servicer or the servicer will effect a retirement of the certificates and the termination of the trust. Written notice of termination of the pooling and servicing agreement will be given to each certificateholder, and the final distribution will be made only upon surrender and cancellation of the certificates at an office or agency appointed by the trustee which will be specified in the notice of termination.

Any purchase described in the preceding paragraph of mortgage collateral and property acquired relating to the mortgage collateral evidenced by a series of certificates shall be made at the option of the master servicer or the servicer at the price specified in the accompanying prospectus supplement. The exercise of that right will effect early retirement of the certificates of that series, but the right of any entity to purchase the mortgage collateral and related property will be in accordance with the criteria, and will be at the price, described in the accompanying prospectus supplement. Early termination in this manner may adversely affect the yield to holders of some classes of the certificates. If a REMIC election has been made, the termination of the related trust will be effected in a manner consistent with applicable federal income tax regulations and its status as a REMIC.

In addition to the optional repurchase of the property in the related trust, if stated in the accompanying prospectus supplement, a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. The Call Class will not be offered under the prospectus supplement. Any such call will be of the entire trust at one time; multiple calls with respect to any series of certificates will not be permitted. In the case of a call, the holders of the certificates will be paid a price equal to the Call Price. To exercise the call, the Call certificateholder must remit to the related trustee for distribution to the certificateholders, funds equal to the Call Price. If those funds are not deposited with the related trustee, the certificates of that series will remain outstanding. In addition, in the case of a trust for which a REMIC election or elections have been made, this termination will be effected in a manner consistent with applicable Federal income tax regulations and its status as a REMIC. In connection with a call by the holder of a Call Certificate, the final payment to the certificateholders will be made upon surrender of the related certificates to the trustee. Once the certificates have been surrendered and paid in full, there will not be any further liability to certificateholders.

The Trustee

The trustee under each pooling and servicing agreement will be named in the accompanying prospectus supplement. The commercial bank or trust company serving as trustee may have normal banking relationships with the depositor and/or its affiliates, including Residential Funding Corporation.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

YIELD CONSIDERATIONS

The yield to maturity of a certificate will depend on the price paid by the holder for the certificate, the pass-through rate on any certificate entitled to payments of interest, which pass-through rate may vary if stated in the accompanying prospectus supplement, and the rate and timing of principal payments, including prepayments, defaults,

liquidations and repurchases, on the mortgage collateral and the allocation thereof to reduce the principal balance of the certificate or its notional amount, if applicable.

In general, defaults on mortgage loans and manufactured housing contracts are expected to occur with greater frequency in their early years. Mortgage loans or contracts may have been originated using underwriting standards that are less stringent than the underwriting standards applied by other first mortgage loan purchase programs, such as those run by Fannie Mae or Freddie Mac or by the company's affiliate, Residential Funding Corporation, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. The rate of default on refinance, limited documentation, stated documentation or no documentation mortgage loans, and on mortgage loans or manufactured housing contracts with higher LTV ratios may be higher than for other types of mortgage loans or manufactured housing contracts. Likewise, the rate of default on mortgage loans or manufactured housing contracts that are secured by investment properties or mortgaged properties with smaller or larger parcels of land or mortgage loans that are made to international borrowers may be higher than on other mortgage loans or manufactured housing contracts.

In addition, the rate and timing of prepayments, defaults and liquidations on the mortgage loans or contracts will be affected by the general economic condition of the region of the country or the locality in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. The risk of loss may also be greater on mortgage loans or contracts with LTV ratios greater than 80% and no primary insurance policies. In addition, manufactured homes may decline in value even in areas where real estate values generally have not declined. The yield on any class of certificates and the timing of principal payments on that class may also be affected by modifications or actions that may be approved by the master servicer or a Special Servicer as described in this prospectus under "Description of the Certificates-Servicing and Administration of Mortgage Collateral," in connection with a mortgage loan or contract that is in default, or if a default is reasonably foreseeable.

The risk of loss on Interest Only Loans may be greater than on loans that require a borrower to pay principal and interest throughout the term of the loan from origination. See "The Trusts-The Mortgage Loans-Interest Only Loans."

The risk of loss on mortgage loans made on Puerto Rico mortgage loans may be greater than on mortgage loans that are made to mortgagors who are United States residents and citizens or that are secured by properties located in the United States. See "Certain Legal Aspects of Mortgage Loans and Contracts."

To the extent that any document relating to a mortgage loan or contract is not in the possession of the trustee, the deficiency may make it difficult or impossible to realize on the mortgaged property in the event of foreclosure, which will affect the amount of Liquidation Proceeds received by the trustee. See "Description of the Certificates - Assignment of Mortgage Loans" and "-Assignment of Contracts."

The amount of interest payments with respect to each item of mortgage collateral distributed monthly to holders of a class of certificates entitled to payments of interest will be calculated, or accrued in the case of deferred interest or accrual certificates, on the basis of that class's specified percentage of each payment of interest, or accrual in the case of accrual certificates, and will be expressed as a fixed, adjustable or variable pass-through rate payable on the outstanding principal balance or notional amount of the certificate, or any combination of pass-through rates, calculated as described in this

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prospectus and in the accompanying prospectus supplement under "Description of the Certificates - Distributions." Holders of strip certificates or a class of certificates having a pass-through rate that varies based on the weighted average interest rate of the underlying mortgage collateral will be affected by disproportionate prepayments and repurchases of mortgage collateral having higher net interest rates or higher rates applicable to the strip certificates, as applicable.

The effective yield to maturity to each holder of certificates entitled to payments of interest will be below that otherwise produced by the applicable pass-through rate and purchase price of the certificate because, while interest will accrue on each mortgage loan or contract from the first day of each month, the distribution of interest will be made on the 25th day or, if the 25th day is not a business day, the next succeeding business day, of the month following the month of accrual or, in the case of a trust including mortgage securities, such other day that is specified in the accompanying prospectus supplement.

A class of certificates may be entitled to payments of interest at a fixed, variable or adjustable pass-through rate, or any combination of pass-through rates, each as specified in the accompanying prospectus supplement. A variable pass-through rate may be calculated based on the weighted average of the Net Mortgage Rates, net of servicing fees and any Spread, of the related mortgage collateral for the month preceding the distribution date. An adjustable pass-through rate may be calculated by reference to an index or otherwise.

The aggregate payments of interest on a class of certificates, and the yield to maturity thereon, will be affected by the rate of payment of principal on the certificates, or the rate of reduction in the notional amount of certificates entitled to payments of interest only, and, in the case of certificates evidencing interests in ARM loans, by changes in the Net Mortgage Rates on the ARM loans. See "Maturity and Prepayment Considerations" below. The yield on the certificates will also be affected by liquidations of mortgage loans or contracts following mortgagor defaults, optional repurchases and by purchases of mortgage collateral in the event of breaches of representations made for the mortgage collateral by the depositor, the master servicer and others, or conversions of ARM loans to a fixed interest rate. See "The Trusts - Representations with Respect to Mortgage Collateral."

In general, if a certificate is purchased at a premium over its face amount and payments of principal on the related mortgage collateral occur at a rate faster than anticipated at the time of purchase, the purchaser's actual yield to maturity will be lower

than that assumed at the time of purchase. On the other hand, if a class of certificates is purchased at a discount from its face amount and payments of principal on the related mortgage collateral occur at a rate slower than anticipated at the time of purchase, the purchaser's actual yield to maturity will be lower than assumed. The effect of Principal Prepayments, liquidations and purchases on yield will be particularly significant in the case of a class of certificates entitled to payments of interest only or disproportionate payments of interest. In addition, the total return to investors of certificates evidencing a right to distributions of interest at a rate that is based on the weighted average Net Mortgage Rate of the mortgage collateral from time to time will be adversely affected by Principal Prepayments on mortgage collateral with mortgage rates higher than the weighted average mortgage rate on the mortgage collateral. In general, mortgage loans or manufactured housing contracts with higher mortgage rates prepay at a faster rate than mortgage loans or manufactured housing contracts with lower mortgage rates. In some circumstances, rapid prepayments may result in the failure of the holders to recoup their original investment. In addition, the yield to maturity on other types of classes of certificates, including accrual certificates, certificates with a pass-through rate that fluctuates inversely with or at a multiple of an index or other classes in a series including more than one class of certificates, may be relatively more sensitive to the rate of prepayment on the related mortgage collateral than other classes of certificates.

The timing of changes in the rate of principal payments on or repurchases of the mortgage collateral may significantly affect an investor's actual yield to maturity, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In general, the earlier a prepayment of principal on the mortgage collateral or a repurchase of mortgage collateral, the greater will be the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments and repurchases occurring at a rate higher or lower than the rate anticipated by the investor during the period immediately following the issuance of a series of certificates would not be fully offset by a subsequent like reduction or increase in the rate of principal payments.

When a full prepayment is made on a mortgage loan, the mortgagor is charged interest on the principal amount of the mortgage loan so prepaid for the number of days in the month actually elapsed up to the date of the prepayment. A partial prepayment of principal is applied so as to reduce the outstanding principal balance of the related mortgage loan or contract as of the first day of the month in which the partial prepayment is received. As a result, the effect of a Principal Prepayment on a mortgage loan or contract will be to reduce the amount of interest distributed to holders of certificates on the related distribution date, if such distribution date occurs in the following calendar month, by an amount of up to one month's interest at the applicable pass-through rate or Net Mortgage Rate, as the case may be, on the prepaid amount, if such shortfall is not covered by Compensating Interest. See "Description of the Certificates-Prepayment Interest Shortfalls." Partial Principal Prepayments will be distributed on the distribution date in the month following receipt. Principal Prepayments in full received during a Prepayment Period will be distributed on the distribution date in the month in which such Prepayment Period ends. See "Maturity and Prepayment Considerations."

For some ARM loans, the mortgage rate at origination may be below the rate that would result if the index and margin relating thereto were applied at origination. Under the applicable underwriting standards, the mortgagor under each mortgage loan or contract usually will be qualified on the basis of the mortgage rate in effect at origination. The repayment of any such mortgage loan or contract may thus be dependent on the ability of the mortgagor to make larger monthly payments following the adjustment of the mortgage rate. In addition, the periodic increase in the amount paid by the mortgagor of a Buy-Down Mortgage Loan during or at the end of the applicable Buy-Down Period may create a greater financial burden for the mortgagor, who might not have otherwise qualified for a mortgage under the applicable underwriting guidelines, and may accordingly increase the risk of default with respect to the related mortgage loan.

The mortgage rates on ARM loans that are subject to negative amortization typically adjust monthly and their amortization schedules adjust less frequently. Because initial mortgage rates are typically lower than the sum of the indices applicable at origination and the related Note Margins, during a period of rising interest rates as well as immediately after origination, the amount of interest accruing on the principal balance of those mortgage loans may exceed the amount of the scheduled monthly payment. As a result, a portion of the accrued interest on negatively amortizing mortgage loans may become deferred interest which will be added to their principal balance and will bear interest at the applicable mortgage rate.

The addition of any deferred interest to the principal balance of any related class of certificates will lengthen the weighted average life of that class of certificates and may adversely affect yield to holders of those certificates. In addition, for ARM loans

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that are subject to negative amortization, during a period of declining interest rates, it might be expected that each scheduled monthly payment on such a mortgage loan would exceed the amount of scheduled principal and accrued interest on its principal balance, and since the excess will be applied to reduce the principal balance of the related class or classes of certificates, the weighted average life of those certificates will be reduced and may adversely affect yield to holders thereof.

If stated in the accompanying prospectus supplement, a trust may contain GPM Loans or Buy-Down Mortgage Loans that have monthly payments that increase during the first few years following origination. Mortgagors generally will be qualified for such loans on the basis of the initial monthly payment. To the extent that the related mortgagor's income does not increase at the same rate as the monthly payment, such a loan may be more likely to default than a mortgage loan with level monthly payments.

If credit enhancement for a series of certificates is provided by a letter of credit, insurance policy or bond that is issued or guaranteed by an entity that suffers financial difficulty, such credit enhancement may not provide the level of support that was anticipated at the time an investor purchased its certificate. In the event of a default under the terms of a letter of credit, insurance policy or bond, any Realized Losses on the mortgage collateral not covered by the credit enhancement will be applied to a series of certificates in the manner described in the accompanying prospectus supplement and may reduce an investor's anticipated yield to maturity.

The accompanying prospectus supplement may describe other factors concerning the mortgage collateral securing a series of certificates or the structure of such series that will affect the yield on the certificates.

MATURITY AND PREPAYMENT CONSIDERATIONS

As indicated above under "The Trusts," the original terms to maturity of the mortgage collateral in a given trust will vary depending upon the type of mortgage collateral included in the trust. The prospectus supplement for a series of certificates will contain information with respect to the types and maturities of the mortgage collateral in the related trust. The prepayment experience, the timing and rate of repurchases and the timing and amount of liquidations with respect to the related mortgage loans or contracts will affect the life and yield of the related series of certificates.

If the pooling and servicing agreement for a series of certificates provides for a Funding Account or other means of funding the transfer of additional mortgage loans to the related trust, as described under "Description of the Certificates-Funding Account," and the trust is unable to acquire any additional mortgage loans within any applicable time limit, the amounts set aside for such purpose may be applied as principal distributions on one or more classes of certificates of such series.

Prepayments on mortgage loans and manufactured housing contracts are commonly measured relative to a prepayment standard or model. The prospectus supplement for each series of certificates may describe one or more prepayment standard or model and may contain tables setting forth the projected yields to maturity on each class of certificates or the weighted average life of each class of certificates and the percentage of the original principal amount of each class of certificates of that series that would be outstanding on specified payment dates for the series based on the assumptions stated in the accompanying prospectus supplement, including assumptions that prepayments on the mortgage collateral are made at rates corresponding to various percentages of the prepayment standard or model. There is no assurance that prepayment of the mortgage loans underlying a series of certificates will conform to any level of the prepayment standard or model specified in the accompanying prospectus supplement.

The following is a list of factors that may affect prepayment experience:

- homeowner mobility;
- economic conditions;
- changes in mortgagors' housing needs;
- job transfers;
- unemployment;
- mortgagors' equity in the properties securing the mortgages;
- servicing decisions;
- enforceability of due-on-sale clauses;
- mortgage market interest rates;
- mortgage recording taxes;
- solicitations and the availability of mortgage funds; and
- the obtaining of secondary financing by the mortgagor.

All statistics known to the depositor that have been compiled with respect to prepayment experience on mortgage loans indicate that while some mortgage loans may remain outstanding until their stated maturities, a substantial number will be paid prior to their respective stated maturities. The rate of prepayment with respect to conventional fixed-rate mortgage loans has fluctuated significantly in recent years. In general, however, if prevailing interest rates fall significantly below the mortgage rates on the mortgage loans or contracts underlying a series of certificates, the prepayment rate of such mortgage loans or contracts is likely to be higher than if prevailing rates remain at or above the rates borne by those mortgage loans or contracts. The depositor is not aware of any historical prepayment experience with respect to mortgage loans secured by properties located in Puerto Rico or with respect to manufactured housing contracts and, accordingly, prepayments on such loans or contracts may not occur at the same rate or be affected by the same factors as more traditional mortgage loans.

Risk of prepayment on Interest Only Loans may be greater because borrowers may decide to refinance before the expiration of the interest-only period. See "The Trusts-The Mortgage Loans-Interest Only Loans."

To the extent that losses on the contracts are not covered by any credit enhancement, holders of the certificates of a series evidencing interests in the contracts will bear all risk of loss resulting from default by mortgagors and will have to look primarily to the value of the manufactured homes, which generally depreciate in value, for recovery of the outstanding principal and unpaid interest of the defaulted contracts. See "The Trusts-The Contracts."

The accompanying prospectus supplement will specify whether the mortgage loans contain due-on-sale provisions permitting the mortgagee to accelerate the maturity of the mortgage loan upon sale or some transfers by the mortgagor of the underlying mortgaged property. The master servicer will enforce any due-on-sale clause to the extent it has knowledge of the conveyance or proposed conveyance of the underlying mortgaged property and it is entitled to do so under applicable law, provided, however, that the master servicer will not take any action in relation to the enforcement of any due-on-sale provision which would adversely affect or jeopardize coverage under any applicable insurance policy.

An ARM loan is assumable, in some circumstances, if the proposed transferee of the related mortgaged property establishes its ability to repay the mortgage loan and, in the reasonable judgment of the master servicer or the related subservicer, the security for the ARM loan would not be impaired by the assumption. The extent to which ARM loans are assumed by purchasers of the mortgaged properties rather than prepaid by the related mortgagors in connection with the sales of the mortgaged properties will affect the weighted average life of the related series of certificates. See "Description of the Certificates - Servicing and Administration of Mortgage Collateral - Enforcement of 'Due-on-Sale' Clauses" and "Certain Legal Aspects of Mortgage Loans and Contracts - The Mortgage Loans - Enforceability of Certain Provisions" and "-The Contracts" for a description of provisions of each pooling and servicing agreement and legal developments that may affect the prepayment rate of mortgage loans or contracts.

In addition, some mortgage securities included in a mortgage pool may be backed by underlying mortgage loans having differing interest rates. Accordingly, the rate at which principal payments are received on the related certificates will, to some extent, depend on the interest rates on the underlying mortgage loans.

Some types of mortgage collateral included in a trust may have characteristics that make it more likely to default than collateral provided for mortgage pass-through certificates from other mortgage purchase programs. The depositor anticipates including in mortgage collateral pools "limited documentation," "stated documentation" and "no documentation" mortgage loans and contracts, Puerto Rico mortgage loans and mortgage loans and contracts that were made to international borrowers, that are secured by investment properties and that have other characteristics not present in those programs. Such mortgage collateral may be susceptible to a greater risk of default and liquidation than might otherwise be expected by investors in the related certificates.

The mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty, although a portion of the mortgage loans provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment. Some states' laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. As a result, it is possible that prepayment charges may not be collected even on mortgage loans that provide for the payment of these charges.

A servicer may allow the refinancing of a mortgage loan in any trust by accepting prepayments thereon and permitting a new loan to the same borrower secured by a mortgage on the same property, which may be originated by the servicer or the master servicer or any of their respective affiliates or by an unrelated entity. In the event of a refinancing, the new loan would not be included in the related trust and, therefore, the refinancing would have the same effect as a prepayment in full of the related mortgage loan. A servicer or the master servicer may, from time to time, implement programs designed to encourage refinancing. These programs may include, without limitation, modifications of existing loans, general or targeted solicitations, the offering of pre-approved applications, reduced origination fees or closing costs, or other financial incentives. Targeted solicitations may be based on a variety of factors, including the credit of the borrower or the location of the mortgaged property. In addition, servicers or the master servicer may encourage assumption of mortgage loans, including defaulted mortgage loans, under which

creditworthy borrowers assume the outstanding indebtedness of the mortgage loans, which may be removed from the related mortgage pool. As a result of these programs, with respect to the mortgage pool underlying any trust (i) the rate of Principal Prepayments of the mortgage loans in the mortgage pool may be higher than would otherwise be the case, and (ii) in some cases, the average credit or collateral quality of the mortgage loans remaining in the mortgage pool may decline.

While most manufactured housing contracts will contain "due-on-sale" provisions permitting the holder of the contract to accelerate the maturity of the contract upon conveyance by the mortgagor, the master servicer, servicer or subservicer, as applicable, may permit proposed assumptions of contracts where the proposed buyer of the manufactured home meets the underwriting standards described above. Such assumption would have the effect of extending the average life of the contract.

Although the mortgage rates on ARM loans will be subject to periodic adjustments, the adjustments generally will:

- not increase or decrease the mortgage rates by more than a fixed percentage amount on each adjustment date;
- not increase the mortgage rates over a fixed percentage amount during the life of any ARM loan; and
- be based on an index, which may not rise and fall consistently with mortgage interest rates, plus the related Gross Margin, which may be different from margins being used for newly originated adjustable-rate mortgage loans.

As a result, the mortgage rates on the ARM loans in a trust at any time may not equal the prevailing rates for similar, newly originated adjustable-rate mortgage loans. In some rate environments, the prevailing rates on fixed-rate mortgage loans may be sufficiently low in relation to the then-current mortgage rates on ARM loans that the rate of prepayment may increase as a result of refinancings. There can be no certainty as to the rate of prepayments on the mortgage collateral during any period or over the life of any series of certificates.

No assurance can be given that the value of the mortgaged property securing a mortgage loan or contract has remained or will remain at the level existing on the date of origination. If the residential real estate market should experience an overall decline in property values such that the outstanding balances of the mortgage loans or contracts and any secondary financing on the mortgaged properties in a particular mortgage pool or contract pool become equal to or greater than the value of the mortgaged properties, the actual rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. The value of property securing Cooperative Loans and the delinquency rates for Cooperative Loans could be adversely affected if the current favorable tax treatment of cooperative tenant stockholders were to become less favorable. See "Certain Legal Aspects of Mortgage Loans and Contracts." In addition, even where values of mortgaged properties generally remain constant, manufactured homes typically depreciate in value.

To the extent that losses resulting from delinquencies, losses and foreclosures or repossession of mortgaged property for mortgage loans or contracts included in a trust for

a series of certificates are not covered by the methods of credit enhancement described in

this prospectus under "Description of Credit Enhancement" or in the accompanying prospectus supplement, the losses will be borne by holders of the certificates of the related series. Even where credit enhancement covers all Realized Losses resulting from delinquency and foreclosure or repossession, the effect of foreclosures and repossessions may be to increase prepayment experience on the mortgage collateral, thus reducing average weighted life and affecting yield to maturity. See "Yield Considerations."

Under some circumstances, the master servicer or a servicer may have the option to purchase the mortgage loans in a trust. See "The Pooling and Servicing Agreement-Termination; Retirement of Certificates." Any repurchase will shorten the weighted average lives of the related certificates. Furthermore, as described under "The Pooling and Servicing Agreement-Termination; Retirement of Certificates," a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. Any such termination will shorten the weighted average lives of the related certificates.

CERTAIN LEGAL ASPECTS OF MORTGAGE LOANS AND CONTRACT

The following discussion contains summaries of some legal aspects of mortgage loans and manufactured housing contracts that are general in nature. Because these legal aspects are governed in part by state law, which laws may differ substantially from state to state, the summaries do not purport to be complete, to reflect the laws of any particular state or to encompass the laws of all states in which the mortgaged properties may be situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the mortgage loans.

The Mortgage Loan

General

The mortgage loans, other than Cooperative Loans, will be secured by deeds of trust, mortgages or deeds to secure debt depending upon the prevailing practice in the state in which the related mortgaged property is located. In some states, a mortgage, deed of trust or deed to secure debt creates a lien upon the related real property. In other states, the mortgage, deed of trust or deed to secure debt conveys legal title to the property to the mortgagee subject to a condition subsequent, for example, the payment of the indebtedness secured thereby. These instruments are not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers. Priority with respect to these instruments depends on their terms and in some cases on the terms of separate subordination or inter-creditor agreements, and generally on the order of recordation of the mortgage deed of trust or deed to secure debt in the appropriate recording office.

There are two parties to a mortgage, the mortgagor, who is the borrower and homeowner, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. In some states, three parties may be involved in a mortgage financing when title to the property is held by a land trustee under a land trust agreement of which the borrower is the beneficiary; at origination of a mortgage loan, the land trustee, as fee owner of the property, executes the mortgage and the borrower executes a separate undertaking to make payments on the mortgage note. Although a deed of trust is similar to a mortgage, a deed of trust has three parties: the grantor, who is the borrower/homeowner; the beneficiary, who is the

lender; and a third-party grantee called the trustee. Under a deed of trust, the borrower grants the mortgaged property to the trustee, irrevocably until satisfaction of the debt. A deed to secure debt typically has two parties, under which the borrower, or grantor, conveys title to the real property to the grantee, or lender, typically with a power of sale, until the time when the debt is repaid. The trustee's authority under a deed of trust and the mortgagee's or grantee's authority under a mortgage or a deed to secure debt, as applicable, are governed by the law of the state in which the real property is located, the express provisions of the deed of trust, mortgage or deed to secure debt and, in some deed of trust transactions, the directions of the beneficiary.

Cooperative Loans

If specified in the prospectus supplement relating to a series of certificates, the mortgage loans may include Cooperative Loans. Each Cooperative Note evidencing a Cooperative Loan will be secured by a security interest in shares issued by the Cooperative that owns the related apartment building, which is a corporation entitled to be treated as a housing cooperative under federal tax law, and in the related proprietary lease or occupancy agreement granting exclusive rights to occupy a specific dwelling unit in the Cooperative's building. The security agreement will create a lien upon, or grant a security interest in, the Cooperative shares and proprietary leases or occupancy agreements, the priority of which will depend on, among other things, the terms of the particular security agreement as well as the order of recordation of the agreement, or the filing of the financing statements related thereto, in the appropriate recording office or the taking of possession of the Cooperative shares, depending on the law of the state in which the Cooperative is located. This type of lien or security interest is not, in general, prior to liens in favor of the cooperative corporation for unpaid assessments or common charges. This type of lien or security interest is not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers.

The accompanying prospectus supplement will specify the geographic location of the collateral for Cooperative Loans. In general, all Cooperative buildings relating to the Cooperative Loans are located in the State of New York. In most cases, each Cooperative owns in fee or has a leasehold interest in all the real property and owns in fee or leases the building and all separate dwelling units therein. The Cooperative is directly responsible for property management and, in most cases, payment of real estate taxes, other governmental impositions and hazard and liability insurance. If there is an underlying mortgage or mortgages on the Cooperative's building or underlying land, as is typically the case, or an underlying lease of the land, as is the case in some instances, the

Cooperative, as mortgagor or lessee, as the case may be, is also responsible for fulfilling the mortgage or rental obligations.

An underlying mortgage loan is ordinarily obtained by the Cooperative in connection with either the construction or purchase of the Cooperative's building or the obtaining of capital by the Cooperative. The interest of the occupant under proprietary leases or occupancy agreements as to which that Cooperative is the landlord is usually subordinate to the interest of the holder of an underlying mortgage and to the interest of the holder of a land lease. If the Cooperative is unable to meet the payment obligations (i) arising under an underlying mortgage, the mortgagee holding an underlying mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements or (ii) arising under its land lease, the holder of the landlord's interest under the land lease could terminate it and all subordinate proprietary leases and occupancy agreements. In addition, an underlying mortgage on a Cooperative may provide financing in the form of a mortgage that does not fully amortize, with a significant portion of principal being due in one final payment at maturity. The inability of the Cooperative to refinance a mortgage and its consequent inability to make the final payment could lead to foreclosure by the mortgagee. Similarly, a land lease has an expiration date and the inability of the Cooperative to extend its term or, in the alternative, to purchase the land, could lead to

termination of the Cooperative's interest in the property and termination of all proprietary leases and occupancy agreements. In either event, a foreclosure by the holder of an underlying mortgage or the termination of the underlying lease could eliminate or significantly diminish the value of any collateral held by the lender who financed the purchase by an individual tenant-stockholder of shares of the Cooperative, or in the case of the mortgage loans, the collateral securing the Cooperative Loans.

Each Cooperative is owned by shareholders, referred to as tenant-stockholders, who, through ownership of stock or shares in the Cooperative, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific dwellings. In most instances, a tenant-stockholder of a Cooperative must make a monthly maintenance payment to the Cooperative under the proprietary lease, which rental payment represents the tenant-stockholder's pro rata share of the Cooperative's payments for its underlying mortgage, real property taxes, maintenance expenses and other capital or ordinary expenses. An ownership interest in a Cooperative and accompanying occupancy rights may be financed through a Cooperative Loan evidenced by a Cooperative Note and secured by an assignment of and a security interest in the occupancy agreement or proprietary lease and a security interest in the related shares of the related Cooperative. The lender usually takes possession of the stock certificate and a counterpart of the proprietary lease or occupancy agreement and a financing statement covering the proprietary lease or occupancy agreement and the Cooperative shares is filed in the appropriate state or local offices to perfect the lender's interest in its collateral. In accordance with the limitations discussed below, upon default of the tenant-stockholder, the lender may sue for judgment on the Cooperative Note, dispose of the collateral at a public or private sale or otherwise proceed against the collateral or tenant-stockholder as an individual as provided in the security agreement covering the assignment of the proprietary lease or occupancy agreement and the pledge of Cooperative shares. See "-Foreclosure on Shares of Cooperatives" below.

Tax Aspects of Cooperative Ownership

In general, a "tenant-stockholder," as defined in Section 216(b)(2) of the Internal Revenue Code, of a corporation that qualifies as a "cooperative housing corporation" within the meaning of Section 216(b)(1) of the Internal Revenue Code is allowed a deduction for amounts paid or accrued within his or her taxable year to the corporation representing his or her proportionate share of certain interest expenses and real estate taxes allowable as a deduction under Section 216(a) of the Internal Revenue Code to the corporation under Sections 163 and 164 of the Internal Revenue Code. In order for a corporation to qualify under Section 216(b)(1) of the Internal Revenue Code for its taxable year in which those items are allowable as a deduction to the corporation, the section requires, among other things, that at least 80% of the gross income of the corporation be derived from its tenant-stockholders. By virtue of this requirement, the status of a corporation for purposes of Section 216(b)(1) of the Internal Revenue Code must be determined on a year-to-year basis. Consequently, there can be no assurance that Cooperatives relating to the Cooperative Loans will qualify under this section for any particular year. If a Cooperative fails to qualify for one or more years, the value of the collateral securing any related Cooperative Loans could be significantly impaired because no deduction would be allowable to tenant-stockholders under Section 216(a) of the Internal Revenue Code with respect to those years. In view of the significance of the tax benefits accorded tenant-stockholders of a corporation that qualifies under Section 216(b)(1) of the Internal Revenue Code, the likelihood that this type of failure would be permitted to continue over a period of years appears remote.

Foreclosure on Mortgage Loan

Although a deed of trust or a deed to secure debt may also be foreclosed by judicial action, foreclosure of a deed of trust or a deed to secure debt is typically accomplished by a non-judicial sale under a specific provision in the deed of trust or deed to secure debt which authorizes the trustee or grantee, as applicable, to sell the property upon default by the borrower under the terms of the note or deed of trust or deed to secure debt. In addition to any notice requirements contained in a deed of trust or deed to secure debt, in some states, the trustee or grantee, as applicable, must record a notice of default and send a copy to the borrower and to any person who has recorded a request for a copy of notice of default and notice of sale. In addition, in some states, the trustee or grantee, as applicable, must provide notice to any other individual having an interest of record in the real property, including any junior lienholders. If the deed of trust or deed to secure debt is not reinstated within a specified period, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers. In addition, some states' laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property.

In some states, the borrower has the right to reinstate the loan at any time following default until shortly before the trustee's sale. In most cases, in those states, the borrower, or any other person having a junior encumbrance on the real estate, may, during a reinstatement period, cure the default by paying the entire amount in arrears plus the costs and expenses incurred in enforcing the obligation.

An action to foreclose a mortgage is an action to recover the mortgage debt by enforcing the mortgagee's rights under the mortgage and in the mortgaged property and compelling a sale of the mortgaged property to satisfy the debt. It is regulated by statutes and rules, and in most cases a borrower is bound by the terms of the mortgage note and the mortgage as made and cannot be relieved from its own default. However, a court may exercise equitable powers to relieve a borrower of a default and deny the mortgagee foreclosure. Under various circumstances a court of equity may relieve the borrower from a non-monetary default where that default was not willful or where a monetary default, such as failure to pay real estate taxes, can be cured before completion of the foreclosure and there is no substantial prejudice to the mortgagee.

Foreclosure of a mortgage usually is accomplished by judicial action. In most cases, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may result from difficulties in locating and serving necessary parties, including borrowers, such as international borrowers, located outside the jurisdiction in which the mortgaged property is located. Difficulties in foreclosing on mortgaged properties owned by international borrowers may result in increased foreclosure costs, which may reduce the amount of proceeds from the liquidation of the related mortgage loan available to be distributed to the certificateholders of the related series. If the mortgagee's right to foreclose is contested, the legal proceedings necessary to resolve the issue can be time-consuming.

In the case of foreclosure under a mortgage, a deed of trust or deed to secure debt, the sale by the referee or other designated officer or by the trustee or grantee, as applicable, is a public sale. However, because of the difficulty a potential buyer at the sale may have in determining the exact status of title and because the physical condition of the property may have deteriorated during the foreclosure proceedings, it is uncommon for a third party to purchase the property at a foreclosure sale. Rather, it is common for the lender to purchase the property from the trustee or grantee, as applicable, or referee for a credit bid less than or equal to the unpaid principal amount of the loan, accrued and unpaid interest and the expense of foreclosure, in which case the mortgagor's debt will be

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extinguished unless the lender purchases the property for a lesser amount and preserves its right against a borrower to seek a deficiency judgment and the remedy is available under state law and the related loan documents. In the same states, there is a statutory minimum purchase price which the lender may offer for the property and generally, state law controls the amount of foreclosure costs and expenses, including attorneys' fees, which may be recovered by a lender. Thereafter, subject to the right of the borrower in some states to remain in possession during the redemption period, the lender will assume the burdens of ownership, including obtaining hazard insurance, paying taxes and making repairs at its own expense that are necessary to render the property suitable for sale. In most cases, the lender will obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property and, in some states, the lender may be entitled to a deficiency judgment. In some cases, a deficiency judgment may be pursued in lieu of foreclosure. Any loss may be reduced by the receipt of any mortgage insurance proceeds or other forms of credit enhancement for a series of certificates. See "Description of Credit Enhancement."

Foreclosure on Mortgaged Properties Located in the Commonwealth of Puerto Rico

Under the laws of the Commonwealth of Puerto Rico the foreclosure of a real estate mortgage usually follows an ordinary "civil action" filed in the Superior Court for the district where the mortgaged property is located. If the defendant does not contest the action filed, a default judgment is rendered for the plaintiff and the mortgaged property is sold at public auction, after publication of the sale for two weeks, by posting written notice in three public places in the municipality where the auction will be held, in the tax collection office and in the public school of the municipality where the mortgagor resides, if known. If the residence of the mortgagor is not known, publication in one of the newspapers of general circulation in the Commonwealth of Puerto Rico must be made at least once a week for two weeks. There may be as many as three public sales of the mortgaged property. If the defendant contests the foreclosure, the case may be tried and judgment rendered based on the merits of the case.

There are no redemption rights after the public sale of a foreclosed property under the laws of the Commonwealth of Puerto Rico. Commonwealth of Puerto Rico law provides for a summary proceeding for the foreclosure of a mortgage, but it is very seldom used because of concerns regarding the validity of those actions. The process may be expedited if the mortgagee can obtain the consent of the defendant to the execution of a deed in lieu of foreclosure.

Under Commonwealth of Puerto Rico law, in the case of the public sale upon foreclosure of a mortgaged property that (a) is subject to a mortgage loan that was obtained for a purpose other than the financing or refinancing of the acquisition, construction or improvement of the property and (b) is occupied by the mortgagor as his principal residence, the mortgagor of the property has a right to be paid the first $1,500 from the proceeds obtained on the public sale of the property. The mortgagor can claim this sum of money from the mortgagee at any time prior to the public sale or up to one year after the sale. This payment would reduce the amount of sales proceeds available to satisfy the mortgage loan and may increase the amount of the loss.

Foreclosure on Shares of Cooperatives

The Cooperative shares owned by the tenant-stockholder, together with the rights of the tenant-stockholder under the proprietary lease or occupancy agreement, are pledged to the lender and are, in almost all cases, subject to restrictions on transfer as described in the Cooperative's certificate of incorporation and by-laws, as well as in the proprietary lease or occupancy agreement. The proprietary lease or occupancy agreement, even while pledged, may be cancelled by the Cooperative for failure by the tenant-stockholder to pay rent or other obligations or charges owed by the tenant-stockholder, including mechanics' liens against the Cooperative's building incurred by the tenant-stockholder.

In most cases, rent and other obligations and charges arising under a proprietary

lease or occupancy agreement that are owed to the Cooperative become liens upon the shares to which the proprietary lease or occupancy agreement relates. In addition, the proprietary lease or occupancy agreement generally permits the Cooperative to terminate the lease or agreement if the borrower defaults in the performance of covenants thereunder. Typically, the lender and the Cooperative enter into a recognition agreement which, together with any lender protection provisions contained in the proprietary lease or occupancy agreement, establishes the rights and obligations of both parties in the event of a default by the tenant-stockholder on its obligations under the proprietary lease or occupancy agreement. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder.

The recognition agreement generally provides that, if the tenant-stockholder has defaulted under the proprietary lease or occupancy agreement, the Cooperative will take no action to terminate the lease or agreement until the lender has been provided with notice of and an opportunity to cure the default. The recognition agreement typically provides that if the proprietary lease or occupancy agreement is terminated, the Cooperative will recognize the lender's lien against proceeds from a sale of the shares and the proprietary lease or occupancy agreement allocated to the dwelling, subject, however, to the Cooperative's right to sums due under the proprietary lease or occupancy agreement or which have become liens on the shares relating to the proprietary lease or occupancy agreement. The total amount owed to the Cooperative by the tenant-stockholder, which the lender generally cannot restrict and does not monitor, could reduce the amount realized upon a sale of the collateral below the outstanding principal balance of the Cooperative Loan and accrued and unpaid interest thereon.

Recognition agreements also typically provide that if the lender succeeds to the tenant-shareholder's shares and proprietary lease or occupancy agreement as the result of realizing upon its collateral for a Cooperative Loan, the lender must obtain the approval or consent of the board of directors of the Cooperative as required by the proprietary lease before transferring the Cooperative shares and assigning the proprietary lease. This approval or consent is usually based on the prospective purchaser's income and net worth, among other factors, and may significantly reduce the number of potential purchasers, which could limit the ability of the lender to sell and realize upon the value of the collateral. In most cases, the lender is not limited in any rights it may have to dispossess the tenant-stockholder.

Because of the nature of Cooperative Loans, lenders do not usually require either the tenant-stockholder (that is, the borrower) or the Cooperative to obtain title insurance of any type. Consequently, the existence of any prior liens or other imperfections of title affecting the Cooperative's building or real estate also may adversely affect the marketability of the shares allocated to the dwelling unit in the event of foreclosure.

A foreclosure on the Cooperative shares is accomplished by public sale in accordance with the provisions of Article 9 of the Uniform Commercial Code, or UCC, and the security agreement relating to those shares. Article 9 of the UCC requires that a sale be conducted in a "commercially reasonable" manner. Whether a sale has been conducted in a "commercially reasonable" manner will depend on the facts in each case. In determining commercial reasonableness, a court will look to the notice given the debtor and the method, manner, time, place and terms of the sale and the sale price. In most instances, a sale conducted according to the usual practice of creditors selling similar collateral in the same area will be considered reasonably conducted.

Article 9 of the UCC provides that the proceeds of the sale will be applied first to pay the costs and expenses of the sale and then to satisfy the indebtedness secured by the lender's security interest. The recognition agreement, however, generally provides that the lender's right to reimbursement is subject to the right of the Cooperative corporation to receive sums due under the proprietary lease or occupancy agreement. If there are proceeds remaining, the lender must account to the tenant-stockholder for the surplus. On the other hand, if a portion of the indebtedness remains unpaid, the tenant-stockholder is generally responsible for the deficiency. See "-Anti-Deficiency Legislation and Other Limitations on Lenders" below.

Rights of Redemption

In some states, after sale pursuant to a deed of trust, or a deed to secure debt or foreclosure of a mortgage, the borrower and foreclosed junior lienors or other parties are given a statutory period, typically ranging from six months to two years, in which to redeem the property from the foreclosure sale. In some states, redemption may occur only upon payment of the entire principal balance of the loan, accrued interest and expenses of foreclosure. In other states, redemption may be authorized if the former borrower pays only a portion of the sums due. In some states, the right to redeem is an equitable right. The equity of redemption, which is a non-statutory right, should be distinguished from statutory rights of redemption. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property. The rights of redemption would defeat the title of any purchaser subsequent to foreclosure or sale under a deed of trust or a deed to secure debt. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired.

Anti-Deficiency Legislation and Other Limitations on Lenders

Some states have imposed statutory prohibitions which limit the remedies of a beneficiary under a deed of trust, a mortgagee under a mortgage or a grantee under a deed to secure debt. In some states, including California, statutes limit the right of the beneficiary, mortgagee or grantee to obtain a deficiency judgment against the borrower following foreclosure. A deficiency judgment is a personal judgment against the former borrower equal in most cases to the difference between the net amount realized upon the public sale of the real property and the amount due to the lender. In the case of a mortgage loan secured by a property owned by a trust where the mortgage note is executed on behalf of the trust, a deficiency judgment against the trust following foreclosure or sale under a deed of trust or deed to secure debt, even if obtainable under applicable law, may be of little value to the beneficiary, grantee or mortgagee if there are no assets against which the deficiency judgment may be executed. Some state statutes require the beneficiary, grantee or mortgagee to exhaust the security afforded under a deed of trust, deed to secure debt or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower.

In other states, the lender has the option of bringing a personal action against the borrower on the debt without first exhausting the security; however, in some of these states, the lender, following judgment on the personal action, may be deemed to have

elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, in those states permitting this election, is that lenders will usually proceed against the security first rather than bringing a personal action against the borrower. Finally, in some states, statutory provisions limit any deficiency judgment against the borrower following a foreclosure to the excess of the outstanding debt over the fair value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary, grantee or mortgagee from obtaining a large deficiency judgment against the borrower as a result of low or no bids at the judicial sale.

86

Generally, Article 9 of the UCC governs foreclosure on Cooperative shares and the related proprietary lease or occupancy agreement. Some courts have interpreted Article 9 to prohibit or limit a deficiency award in some circumstances, including circumstances where the disposition of the collateral, which, in the case of a Cooperative Loan, would be the shares of the Cooperative and the related proprietary lease or occupancy agreement, was not conducted in a commercially reasonable manner.

In addition to laws limiting or prohibiting deficiency judgments, numerous other federal and state statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon its collateral and/or enforce a deficiency judgment. For example, under the federal bankruptcy law, all actions against the debtor, the debtor's property and any co-debtor are automatically stayed upon the filing of a bankruptcy petition. Moreover, a court having federal bankruptcy jurisdiction may permit a debtor through its Chapter 11 or Chapter 13 rehabilitative plan to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable time period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. Some courts with federal bankruptcy jurisdiction have approved plans, based on the particular facts of the reorganization case, that effected the curing of a mortgage loan default by paying arrearages over a number of years.

Courts with federal bankruptcy jurisdiction have also indicated that the terms of a mortgage loan secured by property of the debtor, which is a Cooperative Loan, or which is secured by additional collateral in addition to the related mortgaged property, may be modified. These courts have allowed modifications that include reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In general, except as provided below with respect to junior liens, the terms of a mortgage loan secured only by a mortgage on a real property that is the debtor's principal residence may not be modified under a plan confirmed under Chapter 13, as opposed to Chapter 11, except with respect to mortgage payment arrearages, which may be cured within a reasonable time period.

The United States Supreme Court has held that so long as a mortgage loan is fully or partially secured by the related mortgaged property, the amount of the mortgage loan may not be reduced, or "crammed down," in connection with a bankruptcy petition filed by the mortgagor. However, United States Circuit Court of Appeals decisions have held that in the event of a Chapter 13 bankruptcy filing by a mortgagor, in the event the value of the related mortgaged property at the time of the filing is less than the amount of any first lien, any unsecured junior liens may be "crammed down" in the bankruptcy court and discharged. As a result, in the event of a decline in the value of a mortgaged property, the amount of any junior liens may be reduced by a bankruptcy judge in a Chapter 13 filing, without any liquidation of the related mortgaged property. Any such reduction would be treated as a Bankruptcy Loss.

Certain tax liens arising under the Internal Revenue Code may, in some circumstances, have priority over the lien of a mortgage, deed to secure debt or deed of trust. This may have the effect of delaying or interfering with the enforcement of rights with respect to a defaulted mortgage loan.

87

In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, Real Estate Settlement Procedures Act, as implemented by Regulation X, Equal Credit Opportunity Act, as implemented by Regulation B, Fair Credit Billing Act, Fair Credit Reporting Act and related statutes. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. In some cases, this liability may affect assignees of the mortgage loans. In particular, an originator's failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in the obligors' rescinding the mortgage loans either against either the originators or assignees.

Homeownership Act and Similar State Laws

Some mortgage loans and contracts may be subject to special rules, disclosure requirements and other provisions that were added to the federal Truth-in-Lending Act by the Home Ownership and Equity Protection Act of 1994, or Homeownership Act, if such trust assets were originated on or after October 1, 1995, are not loans made to finance the purchase of the mortgaged property and have interest rates or origination costs in excess of certain prescribed levels. The Homeownership Act requires certain additional disclosures, specifies the timing of those disclosures and limits or prohibits inclusion of certain provisions in mortgages subject to the Homeownership Act. Purchasers or assignees of a mortgage loan subject to the Homeownership Act, including any trust, could be liable under federal law for all claims and subject to all defenses that the borrower could assert against the originator of the loan, under the federal Truth-in-Lending Act or any other law, unless the purchaser or assignee did not know and could not with reasonable diligence have determined that the loan was subject to the provisions of the Homeownership Act. Remedies available to the borrower include monetary penalties, as well as rescission rights if appropriate disclosures were not given as required or if the particular mortgage includes provisions prohibited by the law. The maximum damages that may be recovered under these provisions from an assignee, including the trust, is the remaining amount of indebtedness plus the total amount paid by the borrower in connection with the mortgage loan.

In addition to the Homeownership Act, a number of legislative proposals have been introduced at both the federal and state level that are designed to discourage predatory lending practices. Some states have enacted, and other states or local governments may enact, laws that impose requirements and restrictions greater than those in the Homeownership Act. These laws prohibit inclusion of some provisions in mortgage loans that have interest rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of the mortgage loans. Purchasers or assignees of such a mortgage loan, including the related trust, could be exposed to all claims and defenses that the mortgagor could assert against the originator of the mortgage loan for a violation of state law. Claims and defenses available to the borrower could include monetary penalties, rescission and defenses to a foreclosure action or an action to collect.

Except in the case of a Designated Seller Transaction, Residential Funding will represent and warrant that all of the mortgage loans in the mortgage pool complied in all material respects with all applicable local, state and federal laws at the time of origination. Although Residential Funding will be obligated to repurchase any mortgage loan as to which a breach of its representation and warranty has occurred if that breach is material and adverse to the interests of the certificateholders, the repurchase price of those mortgage loans could be less than the damages and/or equitable remedies imposed pursuant to various state laws.

Lawsuits have been brought in various states making claims against assignees of loans subject to the Homeownership Act for violations of federal and state law allegedly committed by the originator. Named defendants in these cases include numerous participants within the secondary mortgage market, including some securitization trusts.

Enforceability of Certain Provisions

Unless the prospectus supplement indicates otherwise, the mortgage loans contain due-on-sale clauses. These clauses permit the lender to accelerate the maturity of the loan if the borrower sells, transfers or conveys the property. The enforceability of these clauses has been the subject of legislation or litigation in many states, and in some cases the enforceability of these clauses has been limited or denied. However, the Garn-St Germain Depository Institutions Act of 1982, or Garn-St Germain Act, preempts state constitutional, statutory and case law that prohibit the enforcement of due-on-sale clauses and permits lenders to enforce these clauses in accordance with their terms, subject to limited exceptions. The Garn-St Germain Act does "encourage" lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

The Garn-St Germain Act also sets forth nine specific instances in which a mortgage lender covered by the Garn-St Germain Act may not exercise a due-on-sale clause, regardless of the fact that a transfer of the property may have occurred. These include intra-family transfers, certain transfers by operation of law, leases of fewer than three years and the creation of a junior encumbrance. Regulations promulgated under the Garn-St Germain Act also prohibit the imposition of a prepayment penalty upon the acceleration of a loan under a due-on-sale clause.

The inability to enforce a due-on-sale clause may result in a mortgage loan bearing an interest rate below the current market rate being assumed by a new home buyer rather than being paid off, which may have an impact upon the average life of the mortgage loans and the number of mortgage loans which may be outstanding until maturity.

Upon foreclosure, courts have imposed general equitable principles. These equitable principles are designed to relieve the borrower from the legal effect of its defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and expensive actions to determine the causes for the borrower's default and the likelihood that the borrower will be able to reinstate the loan. In some cases, courts have required that lenders reinstate loans or recast payment schedules in order to accommodate borrowers who are suffering from temporary financial disability. In other cases, courts have limited the right of the lender to foreclose if the default under the mortgage instrument is not monetary, including the borrower failing to adequately maintain the property. Finally, some courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that borrowers under deeds of trust, deeds to secure debt or mortgages receive notices in addition to the statutorily prescribed minimum. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust, or under a deed to secure a debt or a mortgagee having a power of sale, does not involve sufficient state action to afford constitutional protections to the borrower.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, or Title V, provides that state usury limitations shall not apply to some types of residential first mortgage loans, including Cooperative Loans, originated by some lenders after March 31, 1980. A similar federal statute was in effect with respect to mortgage loans made during the first three months of 1980. The Office of Thrift Supervision, or OTS, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to impose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Certain states have taken action to reimpose interest rate limits or to limit discount points or other charges.

Residential Funding Corporation or a designated seller specified in the accompanying prospectus supplement will have represented that each mortgage loan was originated in compliance with then applicable state laws, including usury laws, in all material respects. However, the mortgage rates on the mortgage loans will be subject to applicable usury laws as in effect from time to time.

Alternative Mortgage Instruments

Alternative mortgage instruments, including adjustable-rate mortgage loans and early

ownership mortgage loans, originated by non-federally chartered lenders, have historically been subjected to a variety of restrictions. These restrictions differed from state to state, resulting in difficulties in determining whether a particular alternative mortgage instrument originated by a state-chartered lender was in compliance with applicable law. These difficulties were alleviated substantially as a result of the enactment of Title VIII of the Garn-St Germain Act, or Title VIII. Title VIII provides that, regardless of any state law to the contrary:

- state-chartered banks may originate alternative mortgage instruments in accordance with regulations promulgated by the Comptroller of the Currency with respect to the origination of alternative mortgage instruments by national banks,

- state-chartered credit unions may originate alternative mortgage instruments in accordance with regulations promulgated by the National Credit Union Administration with respect to origination of alternative mortgage instruments by federal credit unions, and

- all other non-federally chartered housing creditors, including state-chartered savings and loan associations, state-chartered savings banks and mutual savings banks and mortgage banking companies, may originate alternative mortgage instruments in accordance with the regulations promulgated by the Federal Home Loan Bank Board, predecessor to the OTS, with respect to origination of alternative mortgage instruments by federal savings and loan associations.

Title VIII also provides that any state may reject applicability of the provisions of Title VIII by adopting, prior to October 15, 1985, a law or constitutional provision expressly rejecting the applicability of these provisions. Some states have taken this action.

The Contracts

General

A contract evidences both (a) the obligation of the mortgagor to repay the loan evidenced thereby and (b) the grant of a security interest in the manufactured home to secure repayment of the loan. Certain aspects of both features of the contracts are described below.

Security Interests in Manufactured Homes

Except as described in the next paragraph, under the laws of most states, manufactured housing constitutes personal property and is subject to the motor vehicle registration laws of the state or other jurisdiction in which the unit is located. In the few states in which certificates of title are not required for manufactured homes, security interests are perfected by the filing of a financing statement under the UCC. Those financing statements are effective for five years and must be renewed prior to the end of each five year period. The certificate of title laws adopted by the majority of states provide that ownership of motor vehicles and manufactured housing shall be evidenced by a certificate of title issued by the motor vehicles department, or a similar entity, of the state. In the states that have enacted certificate of title laws, a security interest in a unit of manufactured housing, so long as it is not attached to land in so permanent a fashion as to become a fixture, is, in most cases, perfected by the recording of the interest on the certificate of title to the unit in the appropriate motor vehicle registration office or by delivery of the required documents and payment of a fee to the office, depending on state law.

The lender, the servicer or the master servicer may effect the notation or delivery of the required documents and fees, and obtain possession of the certificate of title, as appropriate under the laws of the state in which any manufactured home securing a contract is registered. If the master servicer, the servicer or the lender fails to effect the notation or delivery, or files the security interest under the wrong law, for example, under a motor vehicle title statute rather than under the UCC, in a few states, the certificateholders may not have a first priority security interest in the manufactured home securing a contract. As manufactured homes have become larger and often have been attached to their sites without any apparent intention to move them, courts in many states have held that manufactured homes, under some circumstances, may become subject to real estate title and recording laws. As a result, a security interest in a manufactured home could be rendered subordinate to the interests of other parties claiming an interest in the home under applicable state real estate law. In order to perfect a security interest in a manufactured home under real estate laws, the holder of the security interest must record a mortgage, deed of trust or deed to secure debt, as applicable, under the real estate laws of the state where the manufactured home is located. These filings must be made in the real estate records office of the county where the manufactured home is located. The accompanying prospectus supplement will specify whether substantially all of the contracts will contain provisions prohibiting the mortgagor from permanently attaching the manufactured home to its site. So long as the mortgagor does not violate this agreement and a court does not hold that the manufactured home is real property, a security interest in the manufactured home will be governed by the certificate of title laws or the UCC, and the notation of the security interest on the certificate of title or the filing of a UCC financing statement will be effective to maintain the priority of the seller's security interest in the manufactured home. If, however, a manufactured home is permanently attached to its site or if a court determines that a manufactured home is real property, other parties could obtain an interest in the manufactured home which is prior to the security interest originally retained by the mortgage collateral seller and transferred to the depositor. In certain cases, the master servicer or the servicer, as applicable, may be required to perfect a security interest in the manufactured home under applicable real estate laws. If the real estate recordings are not required and if any of the foregoing events were to occur, the only recourse of the certificateholders would be against Residential Funding Corporation or the mortgage collateral seller pursuant to its repurchase obligation for breach of representations or warranties.

The depositor will assign or cause to be assigned a security interest in the manufactured homes to the trustee on behalf of the certificateholders. See "Description of the Certificates - Assignment of the Contracts." If a manufactured home is governed by the applicable motor vehicle laws of the relevant state neither the depositor nor the trustee will amend the certificates of title to identify the trustee as the new secured party.

Accordingly, the depositor or any other entity as may be specified in the prospectus supplement will continue to be named as the secured party on the certificates of title relating to the manufactured homes. However, there exists a risk that, in the absence of an amendment to the certificate of title, the assignment of the security interest may not be held effective against subsequent purchasers of a manufactured home or subsequent lenders who take a security interest in the manufactured home or creditors of the assignor.

If the owner of a manufactured home moves it to a state other than the state in which the manufactured home initially is registered and if steps are not taken to re-perfect the trustee's security interest in the state, the security interest in the manufactured home will cease to be perfected. While in many circumstances the trustee would have the opportunity to re-perfect its security interest in the manufactured home in the state of relocation, there can be no assurance that the trustee will be able to do so.

When a mortgagor under a contract sells a manufactured home, the trustee, or the servicer or the master servicer on behalf of the trustee, must surrender possession of the certificate of title or will receive notice as a result of its lien noted thereon and accordingly will have an opportunity to require satisfaction of the related lien before release of the lien.

Under the laws of most states, liens for repairs performed on a manufactured home take priority over a perfected security interest. The applicable mortgage collateral seller typically will represent that it has no knowledge of any liens with respect to any manufactured home securing payment on any contract. However, the liens could arise at any time during the term of a contract. No notice will be given to the trustee or certificateholders if a lien arises and the lien would not give rise to a repurchase obligation on the part of the party specified in the pooling and servicing agreement.

To the extent that manufactured homes are not treated as real property under applicable state law, contracts generally are "chattel paper" as defined in the UCC in effect in the states in which the manufactured homes initially were registered. Under the UCC, the sale of chattel paper is treated in a manner similar to perfection of a security interest in chattel paper. Under the pooling and servicing agreement, the master servicer or the depositor, as the case may be, will transfer physical possession of the contracts to the trustee or its custodian. In addition, the master servicer will make an appropriate filing of a financing statement in the appropriate states to give notice of the trustee's ownership of the contracts. The contracts will not be stamped or marked otherwise to reflect their assignment from the depositor to the trustee. Therefore, if a subsequent purchaser were able to take physical possession of the contracts without notice of the assignment, the trustee's interest in the contracts could be defeated. To the extent that manufactured homes are treated as real property under applicable state law, contracts will be treated in a manner similar to that described above with regard to mortgage loans. See "-The Mortgage Loans" above.

Enforcement of Security Interests in Manufactured Homes

The servicer or the master servicer on behalf of the trustee, to the extent required by the related pooling and servicing agreement, may take action to enforce the trustee's security interest with respect to contracts in default by repossession and sale of the manufactured homes securing the defaulted contracts. So long as the manufactured home has not become subject to real estate law, a creditor generally can repossess a manufactured home securing a contract by voluntary surrender, by "self-help" repossession that is "peaceful" or, in the absence of voluntary surrender and the ability to repossess without breach of the peace, by judicial process. The holder of a manufactured housing contract generally must give the debtor a number of days' notice prior to commencement of any repossession. The UCC and consumer protection laws in most states place restrictions on repossession sales, including prior notice to the debtor and commercial reasonableness in effecting a repossession sale. The laws in most states also require that the debtor be given notice of any sales prior to resale of the unit so that the debtor may redeem the manufactured home at or before the resale.

Under the laws applicable in most states, a creditor is entitled to obtain a deficiency judgment from a debtor for any deficiency on repossession and resale of the manufactured home securing the related obligor's contract. However, some states impose prohibitions or limitations on deficiency judgments, and in many cases the defaulting debtor would have no assets with which to pay a judgment.

Certain statutory provisions, including federal and state bankruptcy and insolvency laws and general equitable principles, may limit or delay the ability of a lender to repossess and resell a manufactured home or enforce a deficiency judgment. For a discussion of deficiency judgments, see "-The Mortgage Loans - Anti-Deficiency Legislation and Other Limitations on Lenders" above.

Consumer Protection Laws

If the transferor of a consumer credit contract is also the seller of goods that give rise to the transaction, and, in certain cases, related lenders and assignees, the "Holder-in-Due-Course" rule of the Federal Trade Commission, or the FTC Rule, is intended to defeat the ability of the transferor to transfer the contract free of notice of claims by the debtor thereunder. The effect of this rule is to subject the assignee of the contract to all claims and defenses that the debtor could assert against the seller of goods. Liability under this rule is limited to amounts paid under a contract; however, the mortgagor also may be able to assert the rule to set off remaining amounts due as a defense against a claim brought against the mortgagor.

Numerous other federal and state consumer protection laws impose substantial requirements upon creditors involved in consumer finance. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, the Equal Credit Opportunity Act, as implemented by Regulation B, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, as implemented by Regulation X, the Fair Housing Act and related statutes. These laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions. In some cases, this liability may affect an assignee's ability to enforce the related contract. In particular, the originator's failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in obligors' rescinding contracts against either the originators or assignees. In addition, some of the contracts may be subject to special rules, disclosure requirements and other provisions as discussed under "-The Mortgage Loans-Homeownership Act and Similar State Laws."

"Due-on-Sale" Clauses

The contracts, in general, prohibit the sale or transfer of the related manufactured homes without the consent of the depositor, the master servicer or the servicer and permit the acceleration of the maturity of the contracts by the depositor, the master servicer or the servicer upon any sale or transfer that is not consented to. The depositor, the master servicer or the servicer generally will permit most transfers of manufactured homes and not accelerate the maturity of the related contracts. In certain cases, the transfer may be made by a delinquent mortgagor in order to avoid a repossession proceeding with respect to a manufactured home.

In the case of a transfer of a manufactured home after which the depositor desires to accelerate the maturity of the related contract, the depositor's ability to do so will depend on the enforceability under state law of the "due-on-sale" clause. The Garn-St Germain Act preempts, subject to certain exceptions and conditions, state laws prohibiting enforcement of "due-on-sale" clauses applicable to the manufactured homes. In some states the depositor or the master servicer may be prohibited from enforcing "due-on-sale" clauses in contracts relating to certain manufactured homes.

Applicability of Usury Laws

Title V provides that, subject to certain conditions, state usury limitations shall not apply to any loan that is secured by a first lien on certain kinds of manufactured housing. For a discussion of Title V, see "-The Mortgage Loans - Applicability of Usury Laws" above. Residential Funding Corporation or a designated seller specified in the accompanying prospectus supplement will represent that all of the contracts comply with applicable usury laws.

Environmental Legislation

Under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA, and under state law in some states, a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property may become liable in some circumstances for the costs of cleaning up hazardous substances regardless of whether they have contaminated the property. CERCLA imposes strict, as well as joint and several, liability on several classes of potentially responsible parties, including current owners and operators of the property who did not cause or contribute to the contamination. Furthermore, liability under CERCLA is not limited to the original or unamortized principal balance of a loan or to the value of the property securing a loan. Lenders may be held liable under CERCLA as owners or operators unless they qualify for the secured creditor exemption to CERCLA. This exemption exempts from the definition of owners and operators those who, without participating in the management of a facility, hold indicia of ownership primarily to protect a security interest in the facility.

The Asset Conservation, Lender Liability and Deposit Insurance Act of 1996, or Conservation Act amended, among other things, the provisions of CERCLA with respect to lender liability and the secured creditor exemption. The Conservation Act offers substantial protection to lenders by defining the activities in which a lender can engage and still have the benefit of the secured creditor exemption. For a lender to be deemed to have participated in the management of a mortgaged property, the lender must actually participate in the operational affairs of the mortgaged property. The Conservation Act provides that "merely having the capacity to influence, or unexercised right to control" operations does not constitute participation in management. A lender will lose the protection of the secured creditor exemption only if it exercises decision-making control over the mortgagor's environmental compliance and hazardous substance handling and disposal practices, or assumes day-to-day management of substantially all operational functions of the mortgaged property. The Conservation Act also provides that a lender will continue to have the benefit of the secured creditor exemption even if it forecloses on a mortgaged property, purchases it at a foreclosure sale or accepts a deed-in-lieu of foreclosure provided that the lender seeks to sell the mortgaged property at the earliest practicable commercially reasonable time on commercially reasonable terms.

Other federal and state laws in some circumstances may impose liability on a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property on which contaminants other than CERCLA hazardous substances are present, including petroleum, agricultural chemicals, hazardous wastes, asbestos, radon, and lead-based paint. These cleanup costs may be substantial. It is possible that the cleanup costs could become a liability of a trust and reduce the amounts otherwise distributable to the holders of the related series of certificates. Moreover, some federal statutes and some states by statute impose an Environmental Lien. All subsequent liens on that property are usually subordinated to an Environmental Lien and, in some states, even prior recorded liens are subordinated to Environmental Liens. In the latter states, the security interest of the trustee in a related parcel of real property that is subject to an Environmental Lien could be adversely affected.

Traditionally, many residential mortgage lenders have not taken steps to evaluate whether contaminants are present with respect to any mortgaged property prior to the origination of the mortgage loan or prior to foreclosure or accepting a deed-in-lieu of foreclosure. Neither the depositor nor any master servicer will be required by any agreement to undertake any of these evaluations prior to foreclosure or accepting a deed-in-lieu of foreclosure. The depositor does not make any representations or warranties or assume any liability with respect to the absence or effect of contaminants on any mortgaged property or any casualty resulting from the presence or effect of contaminants. However, the master servicer will not be obligated to foreclose on any mortgaged property or accept a deed-in-lieu of foreclosure if it knows or reasonably believes that there are material contaminated conditions on the property. A failure so to foreclose may reduce the amounts otherwise available to certificateholders of the related series.

At the time the mortgage loans or contracts were originated, no environmental assessment or a very limited environment assessment of the mortgaged properties will have been conducted.

Servicemembers Civil Relief Ac

Under the terms of the Relief Act a borrower who enters military service after the

origination of the borrower's mortgage loan or contract, including a borrower who was in reserve status and is called to active duty after origination of the mortgage loan or contract, may not be charged interest, including fees and charges, above an annual rate of 6% during the period of the borrower's active duty status, unless a court orders otherwise upon application of the lender. The Relief Act applies to borrowers who are members of the Air Force, Army, Marines, Navy, National Guard, Reserves or Coast Guard, and officers of the U.S. Public Health Service or the National Oceanic and Atmospheric Administration and assigned to duty with the military.

Because the Relief Act applies to borrowers who enter military service, including reservists who are called to active duty, after origination of the related mortgage loan or contract, no information can be provided as to the number of mortgage loans or contracts

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that may be affected by the Relief Act. For mortgage loans or contracts included in a trust, application of the Relief Act would adversely affect, for an indeterminate period of time, the ability of the servicer or the master servicer, as applicable, to collect full amounts of interest on the mortgage collateral. Any shortfall in interest collections resulting from the application of the Relief Act or similar legislation or regulations, which would not be recoverable from the related mortgage loans or contracts, would result in a reduction of the amounts distributable to the holders of the related certificates, and would not be covered by Advances or any form of credit enhancement provided in connection with the related series of certificates. In addition, the Relief Act imposes limitations that would impair the ability of the servicer or the master servicer, as applicable, to foreclose on an affected mortgage loan or contract during the mortgagor's period of active duty status, and, under some circumstances, during an additional three month period thereafter. Thus, if the Relief Act or similar legislation or regulations applies to any mortgage loan or contract that goes into default, there may be delays in payment and losses on the related certificates in connection therewith. Any other interest shortfalls, deferrals or forgiveness of payments on the mortgage loans or contracts resulting from similar legislation or regulations may result in delays in payments or losses to certificateholders of the related series.

Default Interest and Limitations on Prepayments

Forms of notes and mortgages used by lenders may contain provisions that obligate the borrower to pay a late charge or additional interest if payments are not timely made, and in some circumstances, may prohibit prepayments for a specified period and/or condition prepayments upon the borrower's payment of prepayment fees or yield maintenance penalties if the obligation is paid prior to maturity. In some states, there are or may be specific limitations upon the late charges that a lender may collect from a borrower for delinquent payments. Some states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. In addition, the enforceability of provisions that provide for prepayment fees or penalties upon an involuntary prepayment is unclear under the laws of many states. Most conventional single-family mortgage loans may be prepaid in full or in part without penalty. The regulations of the Federal Home Loan Bank Board, as succeeded by the OTS, prohibit the imposition of a prepayment penalty or equivalent fee for or in connection with the acceleration of a loan by exercise of a due-on-sale clause. A mortgagee to whom a prepayment in full has been tendered may be compelled to give either a release of the mortgage or an instrument assigning the existing mortgage. The absence of a restraint on prepayment, particularly with respect to mortgage loans and/or contracts having higher mortgage rates, may increase the likelihood of refinancing or other early retirements of the mortgage loans and/or contracts.

Some state laws restrict the imposition of prepayment charges even when the loans expressly provide for the collection of those charges. The Alternative Mortgage Transaction Parity Act of 1982, or the Parity Act, permits the collection of prepayment charges in connection with some types of loans subject to the Parity Act, or Parity Act loans, preempting any contrary state law prohibitions. However, some states may not recognize the preemptive authority of the Parity Act or have opted out of the Parity Act. Moreover, the OTS, the agency that administers the application of the Parity Act to some types of mortgage lenders that are not chartered under federal law, withdrew its favorable regulations and opinions that previously authorized those lenders, notwithstanding contrary state law, to charge prepayment charges and late fees on Parity Act loans in accordance with OTS rules. The withdrawal is effective with respect to Parity Act loans originated on or after July 1, 2003. The OTS's action does not affect Parity Act loans originated before July 1, 2003. It is possible that prepayment charges may not be collected even on loans that provide for the payment of these charges. The master servicer or another entity identified in the accompanying prospectus supplement will be entitled to all prepayment charges and late payment charges received on the loans and these amounts will not be available for payment on the certificates.

Forfeitures in Drug and RICO Proceedings

Federal law provides that property owned by persons convicted of drug-related crimes or of criminal violations of the Racketeer Influenced and Corrupt Organizations, or RICO, statute can be seized by the government if the property was used in, or purchased with the proceeds of, those crimes. Under procedures contained in the Comprehensive Crime Control Act of 1984, the government may seize the property even before conviction. The government must publish notice of the forfeiture proceeding and may give notice to all parties "known to have an alleged interest in the property," including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in the property if it establishes that: (i) its mortgage was executed and recorded before commission of the crime upon which the forfeiture is based, or (ii) the lender was, at the time of execution of the mortgage, "reasonably without cause to believe" that the property was used in, or purchased with the proceeds of, illegal drug or RICO activities.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

General

The following is a discussion of the material federal income tax consequences of the purchase, ownership and disposition of the certificates. The following discussion is based on the advice of Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP as to the anticipated material federal income tax consequences of the purchase, ownership and disposition of the certificates offered hereunder. This discussion is directed solely to

certificateholders that hold the certificates as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not purport to discuss all federal income tax consequences that may be applicable to particular individual circumstances,, including those of banks, insurance companies, foreign investors, tax-exempt organizations, dealers in securities or currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, securityholders that hold the securities as part of a hedge, straddle, integrated or conversion transaction, or securityholders whose functional currency is not the United States dollar. Also, it does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a securityholder.

The following discussion addresses REMIC certificates representing interests in a trust, or a portion thereof, which the master servicer or Certificate Administrator, as applicable, will covenant to elect to have treated as a REMIC under Sections 860A through 860G or REMIC Provisions of the Internal Revenue Code. The prospectus supplement for each series of certificates will indicate whether a REMIC election or elections will be made for the related trust and, if that election is to be made, will identify all "regular interests" and "residual interests" in the REMIC. If a REMIC election will not be made for a trust, the federal income consequences of the purchase, ownership and disposition of the related certificates will be described in the accompanying prospectus supplement. For purposes of this tax discussion, references to a "certificateholder" or a "holder" are to the beneficial owner of a certificate.

If a REMIC election is not made upon the issuance of a particular series because, for example, a structure is being used whereby notes are being issued by and owner trust, an opinion of counsel relating to the tax consequences of that structure will be filed prior to the initial sale of the related certificates. Furthermore, the tax discussion relating to that structure will be provided in the prospectus supplement for that series.

97

The following discussion is based in part upon the OID regulations and in part upon the REMIC regulations. The OID regulations, which are effective with respect to debt instruments issued on or after April 4, 1994, do not adequately address some issues relevant to, and in some instances provide that they are not applicable to, securities similar to the certificates.

In addition, the authorities on which this discussion, and the opinion referred to below, are based are subject to change or differing interpretations, which could apply retroactively. An opinion of counsel is not binding on the Internal Revenue Service or the courts, and no rulings have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Taxpayers and preparers of tax returns, including those filed by any REMIC or other issuer, should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. This summary and the opinions contained herein may not be able to be relied upon to avoid any income tax penalties that may be imposed with respect to the Securities. Accordingly, taxpayers are encouraged to consult their tax advisors and tax return preparers regarding the preparation of any item on a tax return and the application of United States federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations, even where the anticipated tax treatment has been discussed in this prospectus or in a prospectus supplement. See "State and Other Tax Consequences."

Opinions

Upon the issuance of each series of REMIC Certificates, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP, counsel to the depositor, will provide its opinion generally to the effect that, assuming (i) compliance with all provisions of the related pooling and servicing agreement, (ii) certain representations set forth in the related pooling and servicing agreement are true, (iii) there is continued compliance with applicable provisions of the Internal Revenue Code, as it may be amended from time to time, and applicable Treasury regulations issued thereunder and (iv) a REMIC election is made timely in the required form, for federal income tax purposes, the related trust, or each applicable group of assets held by the related trust as to which an election to be treated as a REMIC will be made, will qualify as a REMIC and the offered REMIC Certificates will be considered to evidence ownership of REMIC regular interests or REMIC residual interests in that REMIC within the meaning of the REMIC Provisions.

Neither Orrick, Herrington & Sutcliffe LLP nor Mayer, Brown, Rowe & Maw LLP has been asked to opine on any other material federal income tax matter, and the balance of this summary is a discussion of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests in such pools of assets generally, and does not purport to set forth any opinion of counsel concerning any other particular federal income tax matter. For example, the discussion under "REMICs-Taxation of Owners of REMIC Residual Certificates-Excess Inclusions" below is a general summary of federal income tax consequences relating to an investment in a REMIC residual interest that has "excess inclusion income;" however, that summary does not set forth any opinion as to whether any particular class of REMIC residual interests will be treated as having excess inclusion income.

98

In addition, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP will render its opinion that the statements made in the following discussion, as supplemented by the discussion under the heading "Federal Income Tax Consequences", if any, in the prospectus supplement accompanying this prospectus, to the extent that they constitute matters of law or legal conclusions, provide a fair and accurate summary of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests therein, as of the date of such prospectus supplement.

Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP have not been asked to, and do not, render any opinion regarding the state or local income tax consequences of the purchase, ownership and disposition of a beneficial interest in the certificates. See "-State and Local Tax Consequences."

REMICs

Classification of REMIC

If an entity electing to be treated as a REMIC fails to comply with one or more of the ongoing requirements of the Internal Revenue Code for that status during any taxable year, the Internal Revenue Code provides that the entity will not be treated as a REMIC for that year and thereafter. In that event, the entity may be taxable as a separate corporation under Treasury regulations, and the related REMIC certificates may not be accorded the status or given the tax treatment described in this prospectus under "Material Federal Income Tax Consequences." Although the Internal Revenue Code authorizes the Treasury Department to issue regulations providing relief in the event of an inadvertent termination of REMIC status, no regulations have been issued. Any relief, moreover, may be accompanied by sanctions, including the imposition of a corporate tax on all or a portion of the trust's income for the period in which the requirements for that status are not satisfied. The pooling and servicing agreement or trust agreement with respect to each REMIC will include provisions designed to maintain the trust's status as a REMIC under the REMIC Provisions. It is not anticipated that the status of any trust as a REMIC will be terminated.

Characterization of Investments in REMIC Certificates

In general, the REMIC certificates will be "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code and assets described in Section 7701(a)(19)(C) of the Internal Revenue Code in the same proportion that the assets of the REMIC underlying the certificates would be so treated. Moreover, if 95% or more of the assets of the REMIC qualify for any of the foregoing treatments at all times during a calendar year, the REMIC certificates will qualify for the corresponding status in their entirety for that calendar year. Interest, including original issue discount, on the REMIC regular certificates and income allocated to the class of REMIC residual certificates will be interest described in Section 856(c)(3)(B) of the Internal Revenue Code to the extent that those certificates are treated as "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code. In addition, the REMIC regular certificates will be "qualified mortgages" within the meaning of Section 860G(a)(3)(C) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for regular or residual interests in that REMIC. The determination as to the percentage of the REMIC's assets that constitute assets described in the foregoing sections of the Internal Revenue Code will be made with respect to each calendar quarter based on the average adjusted basis of each category of the assets held by the REMIC during that calendar quarter. The master servicer or the Certificate Administrator, as applicable, will report those determinations to certificateholders in the manner and at the times required by applicable Treasury regulations.

The assets of the REMIC will include, in addition to mortgage collateral, payments on mortgage collateral held pending distribution on the REMIC certificates and property acquired by foreclosure held pending sale, and may include amounts in reserve accounts. It is unclear whether property acquired by foreclosure held pending sale and amounts in reserve accounts would be considered to be part of the mortgage collateral, or whether those assets, to the extent not invested in assets described in the foregoing sections, otherwise would receive the same treatment as the mortgage collateral for purposes of all of the foregoing sections. In addition, in some instances mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, may not be treated entirely as assets described in the foregoing sections. If the assets of a REMIC include Additional Collateral Loans or Pledged Asset Mortgage Loans, the non-real property collateral, while itself not an asset of the REMIC, could cause the mortgage loans not to qualify for one or more of those characterizations. If so, the related prospectus supplement will describe the mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, that may not be so treated. The REMIC regulations do provide, however, that payments on mortgage loans held pending distribution are considered part of the mortgage loans for purposes of Section 856(c)(4)(A) of the Internal Revenue Code. Furthermore, foreclosure property will qualify as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code.

Tiered REMIC Structures

For some series of REMIC certificates, two or more separate elections may be made to treat designated portions of the related trust as REMICs for federal income tax purposes.

Solely for purposes of determining whether the REMIC certificates will be "real estate assets" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code, and "loans secured by an interest in real property" under Section 7701(a)(19)(C) of the Internal Revenue Code, and whether the income on the certificates is interest described in Section 856(c)(3)(B) of the Internal Revenue Code, the Tiered REMICs will be treated as one REMIC.

Taxation of Owners of REMIC Regular Certificates

General

Except as otherwise stated in this discussion, REMIC regular certificates will be treated for federal income tax purposes as debt instruments issued by the REMIC and not as ownership interests in the REMIC or its assets. Moreover, holders of REMIC regular certificates that otherwise report income under a cash method of accounting will be required to report income with respect to REMIC regular certificates under an accrual method.

Original Issue Discoun

Some REMIC regular certificates may be issued with "original issue discount" within the meaning of Section 1273(a) of the Internal Revenue Code. Any holders of REMIC regular certificates issued with original issue discount typically will be required to include original issue discount in income as it accrues, in accordance with the method described below, in advance of the receipt of the cash attributable to that income. In addition, Section 1272(a)(6) of the Internal Revenue Code provides special rules applicable to REMIC regular certificates and certain other debt instruments issued with original issue discount. Regulations have not been issued under that section.

The Internal Revenue Code requires that a prepayment assumption be used with respect to mortgage collateral held by a REMIC in computing the accrual of original issue discount on REMIC regular certificates issued by that REMIC, and that adjustments be made in the amount and rate of accrual of the discount to reflect differences between the actual prepayment rate and the prepayment assumption. The prepayment assumption is to be determined in a manner prescribed in Treasury regulations; as noted above, those regulations have not been issued. The conference committee report accompanying the Tax Reform Act of 1986 indicates that the regulations will provide that the prepayment assumption used with respect to a REMIC regular certificate must be the same as that used in pricing the initial offering of the REMIC regular certificate. The prepayment assumption used by the master servicer or the Certificate Administrator, as applicable, in reporting original issue discount for each series of REMIC regular certificates will be consistent with this standard and will be disclosed in the accompanying prospectus supplement. However, neither the depositor, the master servicer nor the Certificate Administrator will make any representation that the mortgage collateral will in fact prepay at a rate conforming to the prepayment assumption or at any other rate.

The original issue discount, if any, on a REMIC regular certificate will be the excess of its stated redemption price at maturity over its issue price. The issue price of a particular class of REMIC regular certificates will be the first cash price at which a substantial amount of REMIC regular certificates of that class is sold, excluding sales to bond houses, brokers and underwriters. If less than a substantial amount of a particular class of REMIC regular certificates is sold for cash on or prior to the date of their initial issuance, or the closing date, the issue price for that class will be treated as the fair market value of the class on the closing date. Under the OID regulations, the stated redemption price of a REMIC regular certificate is equal to the total of all payments to be made on that certificate other than "qualified stated interest." Qualified stated interest includes interest that is unconditionally payable at least annually at a single fixed-rate, or in the case of a variable rate debt instrument, at a "qualified floating rate," an "objective rate," a combination of a single fixed-rate and one or more "qualified floating rates" or one "qualified inverse floating rate," or a combination of "qualified floating rates" that generally does not operate in a manner that accelerates or defers interest payments on a REMIC regular certificate.

In the case of REMIC regular certificates bearing adjustable interest rates, the determination of the total amount of original issue discount and the timing of the inclusion of the original issue discount will vary according to the characteristics of the REMIC regular certificates. If the original issue discount rules apply to the certificates, the accompanying prospectus supplement will describe the manner in which the rules will be applied by the master servicer or the Certificate Administrator, as applicable, with respect to those certificates in preparing information returns to the certificateholders and the Internal Revenue Service, or IRS.

Some classes of the REMIC regular certificates may provide for the first interest payment with respect to their certificates to be made more than one month after the date of issuance, a period which is longer than the subsequent monthly intervals between interest payments. Assuming the "accrual period" (as defined below) for original issue discount is each monthly period that begins or ends on a distribution date, in some cases, as a consequence of this "long first accrual period," some or all interest payments may be required to be included in the stated redemption price of the REMIC regular certificate and accounted for as original issue discount. Because interest on REMIC regular certificates must in any event be accounted for under an accrual method, applying this analysis would result in only a slight difference in the timing of the inclusion in income of the yield on the REMIC regular certificates.

In addition, if the accrued interest to be paid on the first distribution date is computed with respect to a period that begins prior to the closing date, a portion of the purchase price paid for a REMIC regular certificate will reflect the accrued interest. In these cases, information returns to the certificateholders and the IRS will be based on the position that the portion of the purchase price paid for the interest accrued with respect to periods prior to the closing date is treated as part of the overall cost of the REMIC regular certificate, and not as a separate asset the cost of which is recovered entirely out of interest received on the next distribution date, and that portion of the interest paid on the first distribution date in excess of interest accrued for a number of days corresponding to the number of days from the closing date to the first distribution date should be included in the stated redemption price of the REMIC regular certificate. However, the OID regulations state that all or some portion of the accrued interest may be treated as a separate asset the cost of which is recovered entirely out of interest paid on the first distribution date. It is unclear how an election to do so would be made under the OID regulations and whether that election could be made unilaterally by a certificateholder.

Notwithstanding the general definition of original issue discount, original issue discount on a REMIC regular certificate will be considered to be de minimis if it is less than 0.25% of the stated redemption price of the REMIC regular certificate multiplied by its weighted average life. For this purpose, the weighted average life of the REMIC regular certificate is computed as the sum of the amounts determined, as to each payment included in the stated redemption price of the REMIC regular certificate, by multiplying (i) the number of complete years, rounding down for partial years, from the issue date until the payment is expected to be made, presumably taking into account the prepayment assumption, by (ii) a fraction, the numerator of which is the amount of the payment, and the denominator of which is the stated redemption price at maturity of the REMIC regular certificate. Under the OID regulations, original issue discount of only a de minimis amount, other than de minimis original issue discount attributable to a so-called "teaser" interest rate or an initial interest holiday, will be included in income as each payment of stated principal is made, based on the product of the total remaining amount of the de minimis original issue discount and a fraction, the numerator of which is the amount of the principal payment, and the denominator of which is the outstanding stated principal amount of the REMIC regular certificate. The OID regulations also would permit a certificateholder to elect to accrue de minimis original issue discount into income currently based on a constant yield method. See "-Market Discount" below for a description of that election under the OID regulations.

If original issue discount on a REMIC regular certificate is in excess of a de minimis amount, the holder of the certificate must include in ordinary gross income the sum of the "daily portions" of original issue discount for each day during its taxable year on which it held the REMIC regular certificate, including the purchase date but excluding the disposition date. In the case of an original holder of a REMIC regular certificate, the daily portions of original issue discount will be determined as follows.

The accompanying prospectus supplement will describe the applicable accrual period. In general, each "accrual period," that begins or ends on a date that corresponds to a distribution date and begins on the first day following the immediately preceding accrual period, or in the case of the first accrual period, begins on the closing date, a calculation will be made of the portion of the original issue discount that accrued during that accrual period. The portion of original issue discount that accrues in any accrual period will equal the excess, if any, of (i) the sum of (A) the present value, as of the

end of the accrual period, of all of the distributions remaining to be made on the REMIC regular certificate, if any, in future periods and (B) the distributions made on the REMIC regular certificate during the accrual period of amounts included in the stated redemption price, over (ii) the adjusted issue price of the REMIC regular certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence will be calculated (1) assuming that distributions on the REMIC regular certificate will be received in future periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption and (2) using a discount rate equal to the original yield to maturity of the certificate. For these purposes, the original yield to maturity of the certificate will be calculated based on its issue price and assuming that distributions on the certificate will be made in all accrual periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption. The adjusted issue price of a REMIC regular certificate at the beginning of any accrual period will equal the issue price of the certificate, increased by the aggregate amount of original issue discount that accrued with respect to that certificate in prior accrual periods, and reduced by the amount of any distributions made on that REMIC regular certificate in prior accrual periods of amounts included in its stated redemption price. The original issue discount accruing during any accrual period, computed as described above, will be allocated ratably to each day during the accrual period to determine the daily portion of original issue discount for that day.

The OID regulations suggest that original issue discount with respect to securities that represent multiple uncertificated REMIC regular interests, in which ownership interests will be issued simultaneously to the same buyer and which may be required under the related pooling and servicing agreement to be transferred together, should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to securities that represent the ownership of multiple uncertificated REMIC regular interests will be reported to the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated in the accompanying prospectus supplement, treating all uncertificated regular interests as a single debt instrument as described in the OID regulations, so long as the pooling and servicing agreement requires that the uncertificated regular interests be transferred together.

A subsequent purchaser of a REMIC regular certificate that purchases the certificate at a cost, excluding any portion of that cost attributable to accrued qualified stated interest, less than its remaining stated redemption price will also be required to include in gross income the daily portions of any original issue discount with respect to that certificate. However, each daily portion will be reduced, if the cost is in excess of its "adjusted issue price," in proportion to the ratio that excess bears to the aggregate original issue discount remaining to be accrued on the REMIC regular certificate. The adjusted issue price of a REMIC regular certificate on any given day equals (i) the adjusted issue price or, in the case of the first accrual period, the issue price, of the certificate at the beginning of the accrual period which includes that day, plus (ii) the daily portions of original issue discount for all days during the accrual period prior to that day minus (iii) any principal payments made during the accrual period prior to that day with respect to the certificate.

Market Discount

A certificateholder that purchases a REMIC regular certificate at a market discount, that is, in the case of a REMIC regular certificate issued without original issue discount, at a purchase price less than its remaining stated principal amount, or in the case of a REMIC regular certificate issued with original issue discount, at a purchase price less than its adjusted issue price will recognize income upon receipt of each distribution representing stated redemption price. In particular, under Section 1276 of the Internal Revenue Code such a certificateholder generally will be required to allocate the portion of each distribution representing stated redemption price first to accrued market discount not previously included in income, and to recognize ordinary income to that extent.

A certificateholder may elect to include market discount in income currently as it accrues rather than including it on a deferred basis in accordance with the foregoing. If made, the election will apply to all market discount bonds acquired by the certificateholder on or after the first day of the first taxable year to which the election applies. In addition, the OID regulations permit a certificateholder to elect to accrue all interest, discount, including de minimis market or original issue discount, and premium in income as interest, based on a constant yield method. If the election were made with respect to a REMIC regular certificate with market discount, the certificateholder would be deemed to have made an election to include currently market discount in income with respect to all other debt instruments having market discount that the certificateholder acquires during the taxable year of the election or thereafter. Similarly, a certificateholder that made this election for a certificate that is acquired at a premium would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that the certificateholder owns or acquires. See "-Premium" below. Each of these elections to accrue interest, discount and premium with respect to a certificate on a constant yield method or as interest may not be revoked without the consent of the IRS.

However, market discount with respect to a REMIC regular certificate will be considered to be de minimis for purposes of Section 1276 of the Internal Revenue Code if the market discount is less than 0.25% of the remaining stated redemption price of the REMIC regular certificate multiplied by the number of complete years to maturity remaining after the date of its purchase. In interpreting a similar rule with respect to original issue discount on obligations payable in installments, the OID regulations refer to the weighted average maturity of obligations, and it is likely that the same rule will be applied with respect to market discount, presumably taking into account the prepayment assumption. If market discount is treated as de minimis under this rule, it appears that

the actual discount would be treated in a manner similar to original issue discount of a de minimis amount. See "- Original Issue Discount." This treatment may result in discount being included in income at a slower rate than discount would be required to be included in income using the method described above.

Section 1276(b)(3) of the Internal Revenue Code specifically authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments, the principal of which is payable in more than one installment. Until regulations are issued by the Treasury Department, certain rules described in the Committee Report apply. The Committee Report indicates that in each accrual period market discount on REMIC regular certificates should accrue, at the certificateholder's option:

- on the basis of a constant yield method,
- in the case of a REMIC regular certificate issued without original issue discount, in an amount that bears the same ratio to the total remaining market discount as the stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the REMIC regular certificate as of the beginning of the accrual period, or
- in the case of a REMIC regular certificate issued with original issue discount, in an amount that bears the same ratio to the total remaining market discount as the original issue discount accrued in the accrual period bears to the total original issue discount remaining on the REMIC regular certificate at the beginning of the accrual period.

Moreover, the prepayment assumption used in calculating the accrual of original issue discount is to be used in calculating the accrual of market discount. Because the regulations referred to in this paragraph have not been issued, it is not possible to predict what effect those regulations might have on the tax treatment of a REMIC regular certificate purchased at a discount in the secondary market.

To the extent that REMIC regular certificates provide for monthly or other periodic distributions throughout their term, the effect of these rules may be to require market discount to be includible in income at a rate that is not significantly slower than the rate at which the discount would accrue if it were original issue discount. Moreover, in any event a holder of a REMIC regular certificate generally will be required to treat a portion of any gain on the sale or exchange of that certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income.

In addition, under Section 1277 of the Internal Revenue Code, a holder of a REMIC regular certificate may be required to defer a portion of its interest deductions for the taxable year attributable to any indebtedness incurred or continued to purchase or carry a REMIC regular certificate purchased with market discount. For these purposes, the de minimis rule referred to above applies. Any deferred interest expense would not exceed the market discount that accrues during that taxable year and is, in general, allowed as a deduction not later than the year in which the market discount is includible in income. If the holder elects to include market discount in income currently as it accrues on all market discount instruments acquired by that holder in that taxable year or thereafter, the interest deferral rule described above will not apply.

Premium

A REMIC regular certificate purchased at a cost, excluding any portion of that cost attributable to accrued qualified stated interest, greater than its remaining stated redemption price will be considered to be purchased at a premium. The holder of a REMIC regular certificate may elect under Section 171 of the Internal Revenue Code to amortize that premium under the constant yield method over the life of the certificate. If made, this election will apply to all debt instruments having amortizable bond premium that the holder owns or subsequently acquires. Amortizable premium will be treated as an offset to interest income on the related REMIC regular certificate, rather than as a separate interest deduction. The OID regulations also permit certificateholders to elect to include all interest, discount and premium in income based on a constant yield method, further treating the certificateholder as having made the election to amortize premium generally. See "-Market Discount." The conference committee report states that the same rules that apply to accrual of market discount, which rules will require use of a prepayment assumption in accruing market discount with respect to REMIC regular certificates without regard to whether those certificates have original issue discount, will also apply in amortizing bond premium under Section 171 of the Internal Revenue Code. It is possible that the use of an assumption that there will be no
prepayments may be required in calculating the amortization of premium.

Realized Losses

Under Section 166 of the Internal Revenue Code, both corporate holders of the REMIC regular certificates and noncorporate holders of the REMIC regular certificates that acquire those certificates in connection with a trade or business should be allowed to deduct, as ordinary losses, any losses sustained during a taxable year in which their certificates become wholly or partially worthless as the result of one or more Realized Losses on the mortgage collateral. However, it appears that a noncorporate holder that does not acquire a REMIC regular certificate in connection with a trade or business will not be entitled to deduct a loss under Section 166 of the Internal Revenue Code until the holder's certificate becomes wholly worthless--until its outstanding principal balance has been reduced to zero--and that the loss will be characterized as a short-term capital loss.

Each holder of a REMIC regular certificate will be required to accrue interest and original issue discount with respect to that certificate, without giving effect to any reductions in distributions attributable to defaults or delinquencies on the mortgage collateral or the underlying certificates until it can be established that any reduction ultimately will not be recoverable. As a result, the amount of taxable income reported in any period by the holder of a REMIC regular certificate could exceed the amount of economic income actually realized by the holder in that period. Although the holder of a REMIC regular certificate eventually will recognize a loss or reduction in income attributable to

previously accrued and included income that, as the result of a Realized Loss, ultimately will not be realized, the law is unclear with respect to the timing and character of the loss or reduction in income.

Taxation of Owners of REMIC Residual Certificate

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As residual interests, the REMIC residual certificates will be subject to tax rules that differ significantly from those that would apply if the REMIC residual certificates were treated for federal income tax purposes as direct ownership interests in the mortgage collateral or as debt instruments issued by the REMIC.

A holder of a REMIC residual certificate generally will be required to report its daily portion of the taxable income or, in accordance with the limitations noted in this discussion, the net loss of the REMIC for each day during a calendar quarter that the holder owned the REMIC residual certificate. For this purpose, the taxable income or net loss of the REMIC will be allocated to each day in the calendar quarter ratably using a "30 days per month/90 days per quarter/360 days per year" convention. The daily amounts will then be allocated among the REMIC residual certificateholders in proportion to their respective ownership interests on that day. Any amount included in the gross income or allowed as a loss of any REMIC residual certificateholder by virtue of this allocation will be treated as ordinary income or loss. The taxable income of the REMIC will be determined under the rules described in this prospectus in "-Taxable Income of the REMIC" and will be taxable to the REMIC residual certificateholders without regard to the timing or amount of cash distributions by the REMIC. Ordinary income derived from REMIC residual certificates will be "portfolio income" for purposes of the taxation of taxpayers in accordance with limitations under Section 469 of the Internal Revenue Code on the deductibility of "passive losses."

A holder of a REMIC residual certificate that purchased the certificate from a prior holder of that certificate also will be required to report on its federal income tax return amounts representing its daily portion of the taxable income or net loss of the REMIC for each day that it holds the REMIC residual certificate. These daily portions generally will equal the amounts of taxable income or net loss determined as described above. The committee report indicates that modifications of the general rules may be made, by regulations, legislation or otherwise, to reduce, or increase, the income or loss of a REMIC residual certificateholder that purchased the REMIC residual certificate from a prior holder of such certificate at a price greater than, or less than, the adjusted basis (as defined below) that REMIC residual certificate would have had in the hands of an original holder of that certificate. The REMIC regulations, however, do not provide for any such modifications.

Any payments received by a holder of a REMIC residual certificate in connection with the acquisition of that Certificate will be taken into account in determining the income of that holder for federal income tax purposes. On May 11, 2004, the IRS issued final regulations that require such payment to be included in income over time according to an amortization schedule that reasonably reflects the costs and benefits of holding the REMIC residual certificate over its expected life. The regulations also provide two more specific methods that will be accepted as meeting the general test set forth above for determining the timing and amount of income inclusion. One method generally follows the method of inclusion used by the taxpayer for GAAP purposes, but not over a period shorter than the period over which the REMIC is expected to generate income. The other method calls for ratable inclusion over the remaining anticipated weighted average life of the REMIC as of the time the REMIC residual certificate is transferred to the taxpayer. Holders of REMIC residual certificates are encouraged to consult their tax advisors concerning the treatment of these payments for income tax purposes under the regulations.

The amount of income REMIC residual certificateholders will be required to report, or the tax liability associated with that income, may exceed the amount of cash distributions received from the REMIC for the corresponding period. Consequently, REMIC residual certificateholders should have other sources of funds sufficient to pay any federal income taxes due as a result of their ownership of REMIC residual certificates or unrelated deductions against which income may be offset, subject to the rules relating to "excess inclusions" and "noneconomic" residual interests discussed below. The fact that the tax liability associated with the income allocated to REMIC residual certificateholders may exceed the cash distributions received by the REMIC residual certificateholders for the corresponding period may significantly adversely affect the REMIC residual certificateholders' after-tax rate of return.

Taxable Income of the REMI

The taxable income of the REMIC will equal the income from the mortgage collateral and other assets of the REMIC plus any cancellation of indebtedness income due to the allocation of Realized Losses to REMIC regular certificates, less the deductions allowed to the REMIC for interest, including original issue discount and reduced by the amortization of any premium received on issuance, on the REMIC regular certificates, and any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, amortization of any premium on the mortgage collateral, bad debt deductions with respect to the mortgage collateral and, except as described below, for servicing, administrative and other expenses.

For purposes of determining its taxable income, the REMIC will have an initial aggregate basis in its assets equal to their fair market value immediately after their transfer to the REMIC. For this purpose, the master servicer or the Certificate Administrator, as applicable, intends to treat the fair market value of the mortgage collateral as being equal to the aggregate issue prices of the REMIC regular certificates and REMIC residual certificates. The aggregate basis will be allocated among the mortgage collateral collectively and the other assets of the REMIC in proportion to their respective fair market values. The issue price of any REMIC certificates offered hereby will be determined in the manner described above under "- Taxation of Owners of REMIC Regular Certificates-Original Issue Discount." Accordingly, if one or more classes of REMIC certificates are retained initially rather than sold, the master servicer or the Certificate Administrator, as applicable, may be required to estimate the fair market value of those interests in order to determine the basis of the REMIC in the mortgage collateral and other property held by the REMIC.

Subject to the possible application of the de minimis rules, the method of accrual by the REMIC of original issue discount income and market discount income with respect to mortgage collateral that it holds will be equivalent to the method of accruing original issue discount income for REMIC regular certificateholders--under the constant yield method taking into account the prepayment assumption. However, a REMIC that acquires collateral at a market discount must include the discount in income currently, as it accrues, on a constant interest basis. See "- Taxation of Owners of REMIC Regular Certificates" above, which describes a method of accruing discount income that is analogous to that required to be used by a REMIC as to mortgage collateral with market discount that it holds.

An item of mortgage collateral will be deemed to have been acquired with discount or premium to the extent that the REMIC's basis therein, determined as described in the preceding paragraph, is less than or greater than its stated redemption price. Any discount will be includible in the income of the REMIC as it accrues, in advance of receipt of the cash attributable to that income, under a method similar to the method described above for accruing original issue discount on the REMIC regular certificates. It is anticipated that each REMIC will elect under Section 171 of the Internal Revenue Code to amortize any premium on the mortgage collateral. Premium on any item of mortgage collateral to which the election applies may be amortized under a constant yield method, presumably taking into account a prepayment assumption.

A REMIC will be allowed deductions for interest, including original issue discount, on the REMIC regular certificates, including any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, equal to the deductions that would be allowed if the REMIC regular certificates, including any other class of REMIC certificates constituting "regular interests" in the REMIC not offered hereby, were indebtedness of the REMIC. Original issue discount will be considered to accrue for this purpose as described above under "- Taxation of Owners of REMIC Regular Certificates-Original Issue Discount," except that the de minimis rule and the adjustments for subsequent holders of REMIC regular certificates, including any other class of certificates constituting "regular interests" in the REMIC not offered hereby, described therein will not apply.

If a class of REMIC regular certificates is issued at an Issue Premium, the net amount of interest deductions that are allowed the REMIC in each taxable year with respect to the REMIC regular certificates of that class will be reduced by an amount equal to the portion of the Issue Premium that is considered to be amortized or repaid in that year. Although the matter is not entirely certain, it is likely that Issue Premium would be amortized under a constant yield method in a manner analogous to the method of accruing original issue discount described above under "-Taxation of Owners of REMIC Regular Certificates-Original Issue Discount."

As a general rule, the taxable income of the REMIC will be determined in the same manner as if the REMIC were an individual having the calendar year as its taxable year and using the accrual method of accounting. However, no item of income, gain, loss or deduction allocable to a prohibited transaction will be taken into account. See "-Prohibited Transactions and Other Possible REMIC Taxes" below. Further, the limitation on miscellaneous itemized deductions imposed on individuals by Section 67 of the Internal Revenue Code, which allows those deductions only to the extent they exceed in the aggregate two percent of the taxpayer's adjusted gross income, will not be applied at the REMIC level so that the REMIC will be allowed deductions for servicing, administrative and other non-interest expenses in determining its taxable income. All of these expenses will be allocated as a separate item to the holders of REMIC residual certificates, subject to the limitation of Section 67 of the Internal Revenue Code. See "-Possible Pass-Through of Miscellaneous Itemized Deductions." If the deductions allowed to the REMIC exceed its gross income for a calendar quarter, the excess will be the net loss for the REMIC for that calendar quarter.

Basis Rules, Net Losses and Distributions

The adjusted basis of a REMIC residual certificate will be equal to the amount paid for that REMIC residual certificate, increased by amounts included in the income of the related certificateholder and decreased, but not below zero, by distributions made, and by net losses allocated, to the related certificateholder.

A REMIC residual certificateholder is not allowed to take into account any net loss for any calendar quarter to the extent the net loss exceeds the REMIC residual certificateholder's adjusted basis in its REMIC residual certificate as of the close of that calendar quarter, determined without regard to the net loss. Any loss that is not currently deductible by reason of this limitation may be carried forward indefinitely to future calendar quarters and, in accordance with the same limitation, may be used only to offset income from the REMIC residual certificate. The ability of REMIC residual certificateholders to deduct net losses may be subject to additional limitations under the Internal Revenue Code, as to which the certificateholders are encouraged to consult their tax advisors.

Any distribution on a REMIC residual certificate will be treated as a non-taxable return of capital to the extent it does not exceed the holder's adjusted basis in the REMIC residual certificate. To the extent a distribution on a REMIC residual certificate exceeds the adjusted basis, it will be treated as gain from the sale of the REMIC residual certificate. Holders of REMIC residual certificates may be entitled to distributions early in the term of the related REMIC under circumstances in which their bases in the REMIC residual certificates will not be sufficiently large that distributions will be treated as nontaxable returns of capital. Their bases in the REMIC residual certificates will initially equal the amount paid for such REMIC residual certificates and will be increased by their allocable shares of taxable income of the trust. However, their basis increases may not occur until the end of the calendar quarter, or perhaps the end of the calendar year, with respect to which the REMIC taxable income is allocated to the REMIC residual certificateholders. To the extent the REMIC residual certificateholders' initial bases are less than the distributions to the REMIC residual certificateholders, and increases in the initial bases either occur after distributions or, together with their initial bases, are less than the amount of the distributions, gain will be recognized to the REMIC residual certificateholders on those distributions and will be treated as gain from the sale of their REMIC residual certificates.

The effect of these rules is that a certificateholder may not amortize its basis in a

REMIC residual certificate, but may only recover its basis through distributions, through the deduction of its share of any net losses of the REMIC or upon the sale of its REMIC residual certificate. See "- Sales of REMIC Certificates." For a discussion of possible modifications of these rules that may require adjustments to income of a holder of a REMIC residual certificate other than an original holder in order to reflect any difference between the cost of the REMIC residual certificate to its holder and the adjusted basis the REMIC residual certificate would have had in the hands of the original holder, see "-General."

Excess Inclusions

Any "excess inclusions" with respect to a REMIC residual certificate will be subject to federal income tax in all events.

In general, the "excess inclusions" with respect to a REMIC residual certificate for any calendar quarter will be the excess, if any, of (i) the sum of the daily portions of REMIC taxable income allocable to the REMIC residual certificate over (ii) the sum of the "daily accruals" (as defined below) for each day during that quarter that the REMIC residual certificate was held by the REMIC residual certificateholder. The daily accruals of a REMIC residual certificateholder will be determined by allocating to each day during a calendar quarter its ratable portion of the product of the "adjusted issue price" of the REMIC residual certificate at the beginning of the calendar quarter and 120% of the "long-term Federal rate" in effect on the closing date. For this purpose, the adjusted issue price of a REMIC residual certificate as of the beginning of any calendar quarter will be equal to the issue price of the REMIC residual certificate, increased by the sum of the daily accruals for all prior quarters and decreased, but not below zero, by any distributions made with respect to the REMIC residual certificate before the beginning of that quarter. The issue price of a REMIC residual certificate is the initial offering price to the public, excluding bond houses, brokers and underwriters, at which a substantial amount of the REMIC residual certificates were sold. If less than a substantial amount of a particular class of REMIC residual certificates is sold for cash on or prior to the closing date, the issue price of that class will be treated as the fair market value of that class on the closing date. The "long-term Federal rate" is an average of current yields on Treasury securities with a remaining term of greater than nine years, computed and published monthly by the IRS.

For REMIC residual certificateholders, an excess inclusion:

- will not be permitted to be offset by deductions, losses or loss carryovers from other activities,
- will be treated as "unrelated business taxable income" to an otherwise tax-exempt organization and
- will not be eligible for any rate reduction or exemption under any applicable tax treaty with respect to the 30% United States withholding tax imposed on distributions to REMIC residual certificateholders that are foreign investors.

See, however, "-Foreign Investors in REMIC Certificates."

Furthermore, for purposes of the alternative minimum tax, (i) excess inclusions will not be permitted to be offset by the alternative tax net operating loss deduction and (ii) alternative minimum taxable income may not be less than the taxpayer's excess inclusions; provided, however, that for purposes of (ii), alternative minimum taxable income is determined without regard to the special rule that taxable income cannot be less than excess inclusions. The latter rule has the effect of preventing nonrefundable tax credits from reducing the taxpayer's income tax to an amount lower than the alternative minimum tax on excess inclusions.

In the case of any REMIC residual certificates held by a real estate investment trust, the aggregate excess inclusions with respect to the REMIC residual certificates, reduced, but not below zero, by the real estate investment trust taxable income, within the meaning of Section 857(b)(2) of the Internal Revenue Code, excluding any net capital gain, will be allocated among the shareholders of the trust in proportion to the dividends received by the shareholders from the trust, and any amount so allocated will be treated as an excess inclusion with respect to a REMIC residual certificate as if held directly by the shareholder. Treasury regulations yet to be issued could apply a similar rule to regulated investment companies, common trust funds and some cooperatives; the REMIC regulations currently do not address this subject.

Noneconomic REMIC Residual Certificates

Under the REMIC regulations, transfers of "noneconomic" REMIC residual certificates will be disregarded for all federal income tax purposes if "a significant purpose of the transfer was to enable the transferor to impede the assessment or collection of tax." If the transfer is disregarded, the purported transferor will continue to remain liable for any taxes due with respect to the income on the "noneconomic" REMIC residual certificate. The REMIC regulations provide that a REMIC residual certificate is noneconomic unless, based on the prepayment assumption and on any required or permitted clean up calls, or required qualified liquidation provided for in the REMIC's organizational documents, (1) the present value of the expected future distributions (discounted using the "applicable Federal rate" for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the REMIC residual certificate, which rate is computed and published monthly by the IRS) on the REMIC residual certificate equals at least the present value of the expected tax on the anticipated excess inclusions, and (2) the transferor reasonably expects that the transferee will receive distributions with respect to the REMIC residual certificate at or after the time the taxes accrue on the anticipated excess inclusions in an amount sufficient to satisfy the accrued taxes. Accordingly, all transfers of REMIC residual certificates that may constitute noneconomic residual interests will be subject to restrictions under the terms of the related pooling and servicing agreement or trust agreement that are intended to reduce the possibility of any transfer being disregarded. The restrictions will require each party to a transfer to provide an affidavit that no purpose of the transfer is to impede the assessment or collection of tax, including representations as to the financial condition of the

prospective transferee, as to which the transferor also is required to make a reasonable investigation to determine the transferee's historic payment of its debts and ability to continue to pay its debts as they come due in the future. Prior to purchasing a REMIC residual certificate, prospective purchasers should consider the possibility that a purported transfer of the REMIC residual certificate by such a purchaser to another purchaser at some future date may be disregarded in accordance with the above-described rules which would result in the retention of tax liability by that purchaser.

The IRS has issued final REMIC regulations that add to the conditions necessary to assure that a transfer of a non-economic residual interest would be respected. The additional conditions require that in order to qualify as a safe harbor transfer of a residual interest, the transferee must represent that it will not cause the income "to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer" and either (i) the amount received by the transferee be no less on a present value basis (determined using the short-term rate provided by Section 1274(d) of the Internal Revenue Code) than the present value of the net tax detriment attributable to holding the residual interest reduced by the present value of the projected payments to be received on the residual interest or (ii) the transfer is to a domestic taxable corporation with specified large amounts of gross and net assets and that meets certain other requirements where agreement is made that all future transfers will be to taxable domestic corporations in transactions that qualify for the same "safe harbor" provision. Eligibility for the safe harbor requires, among other things, that the facts and circumstances known to the transferor at the time of transfer not indicate to a reasonable person that the taxes with respect to the residual interest will not be paid, with an unreasonably low cost for the transfer specifically mentioned as negating eligibility.

The accompanying prospectus supplement will disclose whether offered REMIC residual certificates may be considered "noneconomic" residual interests under the REMIC regulations. Any disclosure that a REMIC residual certificate will not be considered "noneconomic" will be based upon some assumptions, and the depositor will make no representation that a REMIC residual certificate will not be considered "noneconomic" for purposes of the above-described rules. See "-Foreign Investors in REMIC Certificates" for additional restrictions applicable to transfers of certain REMIC residual certificates to foreign persons.

Mark-to-Market Rule

The mark-to-market requirement applies to all securities owned by a dealer, except to the extent that the dealer has specifically identified a security as held for investment. The Mark-to-Market Regulations provide that for purposes of this mark-to-market requirement, a REMIC residual certificate acquired on or after January 4, 1995 is not treated as a security and thus may not be marked to market. Prospective purchasers of a REMIC residual certificate are encouraged to consult their tax advisors regarding the possible application of the mark-to-market requirement to REMIC residual certificates.

Possible Pass-Through of Miscellaneous Itemized Deductions

Fees and expenses of a REMIC generally will be allocated to the holders of the related REMIC residual certificates. The applicable Treasury regulations indicate, however, that in the case of a REMIC that is similar to a single class grantor trust, all or a portion of those fees and expenses should be allocated to the holders of the related REMIC regular certificates. Fees and expenses will be allocated to holders of the related REMIC residual certificates in their entirety and not to the holders of the related REMIC regular certificates.

With respect to REMIC residual certificates or REMIC regular certificates the holders of which receive an allocation of fees and expenses in accordance with the preceding discussion, if any holder thereof is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, (i) an amount equal to the individual's, estate's or trust's share of fees and expenses will be added to the gross income of that holder and (ii) the individual's, estate's or trust's share of fees and expenses will be treated as a miscellaneous itemized deduction allowable in accordance with the limitation of Section 67 of the Internal Revenue Code, which permits those deductions only to the extent they exceed in the aggregate two percent of a taxpayer's adjusted gross income. In addition, Section 68 of the Internal Revenue Code provides that the amount of itemized deductions otherwise allowable for an individual whose adjusted gross income exceeds a specified amount will be reduced. The amount of additional taxable income reportable by REMIC certificateholders that are covered by the limitations of either Section 67 or Section 68 of the Internal Revenue Code may be substantial. Furthermore, in determining the alternative minimum taxable income of such a holder of a REMIC certificate that is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, no deduction will be allowed for such holder's allocable portion of servicing fees and other miscellaneous itemized deductions of the REMIC, even though an amount equal to the amount of such fees and other deductions will be included in the holder's gross income. Accordingly, the REMIC certificates may not be appropriate investments for individuals, estates, or trusts, or pass-through entities beneficially owned by one or more individuals, estates or trusts. Any prospective investors are encouraged to consult with their tax advisors prior to making an investment in these certificates.

Tax and Restrictions on Transfers of REMIC Residual Certificates to Certain Organizations

If a REMIC residual certificate is transferred to a Disqualified Organization, a tax would be imposed in an amount, determined under the REMIC regulations, equal to the product of:

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(1) the present value, discounted using the "applicable Federal rate" for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the certificate, which rate is computed and published monthly by the IRS, of the total anticipated excess inclusions with respect to the REMIC residual certificate for periods after the transfer; and

(2) the highest marginal federal income tax rate applicable to corporations.

The anticipated excess inclusions must be determined as of the date that the REMIC residual certificate is transferred and must be based on events that have occurred up to the time of transfer, the prepayment assumption and any required or permitted clean up calls or required liquidation provided for in the REMIC's organizational documents. This tax generally would be imposed on the transferor of the REMIC residual certificate, except that where the transfer is through an agent for a Disqualified Organization, the tax would instead be imposed on that agent. However, a transferor of a REMIC residual certificate would in no event be liable for the tax with respect to a transfer if the transferee furnishes to the transferor an affidavit that the transferee is not a Disqualified Organization and, as of the time of the transfer, the transferor does not have actual knowledge that the affidavit is false. Moreover, an entity will not qualify as a REMIC unless there are reasonable arrangements designed to ensure that:

- residual interests in the entity are not held by Disqualified Organizations; and
- information necessary for the application of the tax described in this prospectus will be made available.

Restrictions on the transfer of REMIC residual certificates and other provisions that are intended to meet this requirement will be included in the pooling and servicing agreement, including provisions:

(1) requiring any transferee of a REMIC residual certificate to provide an affidavit representing that it is not a Disqualified Organization and is not acquiring the REMIC residual certificate on behalf of a Disqualified Organization, undertaking to maintain that status and agreeing to obtain a similar affidavit from any person to whom it shall transfer the REMIC residual certificate;

(2) providing that any transfer of a REMIC residual certificate to a Disqualified Organization shall be null and void; and

(3) granting to the master servicer the right, without notice to the holder or any prior holder, to sell to a purchaser of its choice any REMIC residual certificate that shall become owned by a Disqualified Organization despite (1) and (2) above.

In addition, if a Pass-Through Entity includes in income excess inclusions with respect to a REMIC residual certificate, and a Disqualified Organization is the record holder of an interest in that entity, then a tax will be imposed on the entity equal to the product of (i) the amount of excess inclusions on the REMIC residual certificate that are allocable to the interest in the Pass-Through Entity held by the Disqualified Organization and (ii) the highest marginal federal income tax rate imposed on corporations. A Pass-Through Entity will not be subject to this tax for any period, however, if each record holder of an interest in the Pass-Through Entity furnishes to that Pass-Through Entity (i) the holder's social security number and a statement under penalties of perjury that the social security number is that of the record holder or (ii) a statement under penalties of perjury that the record holder is not a Disqualified Organization. For taxable years beginning after December 31, 1997, notwithstanding the preceding two sentences, in the case of a REMIC residual certificate held by an "electing large partnership," all interests in such partnership shall be treated as held by Disqualified Organizations, without regard to whether the record holders of the partnership furnish statements described in the preceding sentence, and the amount that is subject to tax under the second preceding sentence is excluded from the gross income of the partnership allocated to the partners, in lieu of allocating to the partners a deduction for the tax paid by the partners.

Sales of REMIC Certificates

If a REMIC certificate is sold, the selling certificateholder will recognize gain or loss equal to the difference between the amount realized on the sale and its adjusted basis in the REMIC certificate. The adjusted basis of a REMIC regular certificate generally will equal the cost of that REMIC regular certificate to that certificateholder, increased by income reported by the certificateholder with respect to that REMIC regular certificate, including original issue discount and market discount income, and reduced, but not below zero, by distributions on the REMIC regular certificate received by the certificateholder and by any amortized premium. The adjusted basis of a REMIC residual certificate will be determined as described under "-Taxation of Owners of REMIC Residual Certificates-Basis Rules, Net Losses and Distributions." Except as described below, any gain or loss generally will be capital gain or loss.

Gain from the sale of a REMIC regular certificate that might otherwise be capital gain will be treated as ordinary income to the extent the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the seller's income with respect to the REMIC regular certificate had income accrued thereon at a rate equal to 110% of the "applicable federal rate," which is typically a rate based on an average of current yields on Treasury securities having a maturity comparable to that of the certificate, which rate is computed and published monthly by the IRS, determined as of the date of purchase of the REMIC regular certificate, over (ii) the amount of ordinary income actually includible in the seller's income prior to the sale. In addition, gain recognized on the sale of a REMIC regular certificate by a seller who purchased the REMIC regular certificate at a market discount will be taxable as ordinary income to the extent of any accrued and previously unrecognized market discount that accrued during the period the certificate was held. See "-Taxation of Owners of REMIC Regular Certificates- Discount."

REMIC certificates will be "evidences of indebtedness" within the meaning of Section 582(c)(1) of the Internal Revenue Code, so that gain or loss recognized from the sale of a REMIC certificate by a bank or thrift institution to which that section applies will be ordinary income or loss.

A portion of any gain from the sale of a REMIC regular certificate that might otherwise be capital gain may be treated as ordinary income to the extent that the certificate is held as part of a "conversion transaction" within the meaning of Section 1258 of the Internal Revenue Code. A conversion transaction generally is one in which the taxpayer has taken two or more positions in certificates or similar property that reduce or eliminate market risk, if substantially all of the taxpayer's return is attributable to the time value of the taxpayer's net investment in the transaction. The amount of gain so realized in a conversion transaction that is recharacterized as ordinary income generally will not exceed the amount of interest that would have accrued on the taxpayer's net investment at 120% of the appropriate "applicable Federal rate," which rate is computed and published monthly by the IRS, at the time the taxpayer enters into the conversion

transaction, subject to appropriate reduction for prior inclusion of interest and other ordinary income items from the transaction.

Finally, a taxpayer may elect to have net capital gain taxed at ordinary income rates rather than capital gains rates in order to include any net capital gain in total net investment income for the taxable year, for purposes of the limitation on the deduction of interest on indebtedness incurred to purchase or carry property held for investment to a taxpayer's net investment income.

If the seller of a REMIC residual certificate reacquires the certificate, any other residual interest in a REMIC or any similar interest in a "taxable mortgage pool" (as defined in Section 7701(i) of the Internal Revenue Code) within six months of the date of the sale, the sale will be subject to the "wash sale" rules of Section 1091 of the Internal Revenue Code. In that event, any loss realized by the REMIC residual certificateholders on the sale will not be deductible, but instead will be added to the REMIC residual certificateholders' adjusted basis in the newly-acquired asset.

Losses on the sale of a REMIC residual certificate in excess of a threshold amount (which amount could need to be aggregated with similar or previous losses) may require disclosure of such loss on an IRS Form 8886. Investors are encouraged to consult with their tax advisors as to the need to file such forms.

Tax Return Disclosure and Investor List Requirements

Recent Treasury regulations directed at potentially abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. The regulations require taxpayers to report certain disclosures on IRS Form 8886 if they participate in a "reportable transaction." Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based upon any of several indicia, one or more of which may be present with respect to your investment in the certificates. There are significant penalties for failure to comply with these disclosure requirements. Investors in REMIC residual certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the depositor and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to the transaction.

Prohibited Transactions and Other Possible REMIC Taxe

The Internal Revenue Code imposes a prohibited transactions tax, which is a tax on REMICs equal to 100% of the net income derived from prohibited transactions. In general, subject to specified exceptions a prohibited transaction means the disposition of an item of mortgage collateral, the receipt of income from a source other than an item of mortgage collateral or other Permitted Investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on the mortgage collateral for temporary investment pending distribution on the REMIC certificates. It is not anticipated that any REMIC will engage in any prohibited transactions in which it would recognize a material amount of net income. In addition, some contributions to a REMIC made after the day on which the REMIC issues all of its interests could result in the imposition of a contributions tax, which is a tax on the REMIC equal to 100% of the value of the contributed property. Each pooling and servicing agreement or trust agreement will include provisions designed to prevent the acceptance of any contributions that would be subject to the tax.

REMICs also are subject to federal income tax at the highest corporate rate on "net income from foreclosure property," determined by reference to the rules applicable to real estate investment trusts. "Net income from foreclosure property" generally means gain from the sale of a foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust. It is not anticipated that any REMIC will recognize "net income from foreclosure property" subject to federal income tax.

It is not anticipated that any material state or local income or franchise tax will be imposed on any REMIC.

To the extent permitted by then applicable laws, any prohibited transactions tax, contributions tax, tax on "net income from foreclosure property" or state or local income or franchise tax that may be imposed on the REMIC will be borne by the related master servicer, the Certificate Administrator or the trustee in any case out of its own funds, provided that the master servicer, the Certificate Administrator or the trustee, as the case may be, has sufficient assets to do so, and provided further that the tax arises out of a breach of the master servicer's, the Certificate Administrator's or the trustee's obligations, as the case may be, under the related pooling and servicing agreement or trust agreement and relating to compliance with applicable laws and regulations. Any tax not borne by the master servicer, the Certificate Administrator or the trustee will be payable out of the related trust resulting in a reduction in amounts payable to holders of the related REMIC certificates.

Termination

A REMIC will terminate immediately after the distribution date following receipt by the REMIC of the final payment from the mortgage collateral or upon a sale of the REMIC's assets following the adoption by the REMIC of a plan of complete liquidation. The last distribution on a REMIC regular certificate will be treated as a payment in retirement of a debt instrument. In the case of a REMIC residual certificate, if the last distribution on the REMIC residual certificate is less than the certificateholder's adjusted basis in the certificate, the certificateholder should be treated as realizing a loss equal to the amount of the difference, and the loss may be treated as a capital loss.

Reporting and Other Administrative Matters

Solely for purposes of the administrative provisions of the Internal Revenue Code,

the REMIC will be treated as a partnership and REMIC residual certificateholders will be treated as partners. The master servicer or the Certificate Administrator, as applicable, will file REMIC federal income tax returns on behalf of the related REMIC and will act as the "tax matters person" for the REMIC in all respects, and may hold a nominal amount of REMIC residual certificates.

As the tax matters person, the master servicer or the Certificate Administrator, as applicable, will have the authority to act on behalf of the REMIC and the REMIC residual certificateholders in connection with the administrative and judicial review of items of income, deduction, gain or loss of the REMIC, as well as the REMIC's classification. REMIC residual certificateholders will be required to report the REMIC items consistently with their treatment on the related REMIC's tax return and may in some circumstances be bound by a settlement agreement between the master servicer, or the Certificate Administrator, as applicable, as tax matters person, and the IRS concerning any REMIC item.

Adjustments made to the REMIC tax return may require a REMIC residual certificateholder to make corresponding adjustments on its return, and an audit of the REMIC's tax return, or the adjustments resulting from an audit, could result in an audit of the certificateholder's return. No REMIC will be registered as a tax shelter under Section 6111 of the Internal Revenue Code because it is not anticipated that any REMIC will have a net loss for any of the first five taxable years of its existence. Any person that holds a REMIC residual certificate as a nominee for another person may be required to furnish to the related REMIC, in a manner to be provided in Treasury regulations, the name and address of that person and other information.

Reporting of interest income, including any original issue discount, with respect to REMIC regular certificates is required annually, and may be required more frequently under Treasury regulations. These information reports are required to be sent to individual holders of REMIC regular Interests and the IRS; holders of REMIC regular certificates that are corporations, trusts, securities dealers and other non-individuals will be provided interest and original issue discount income information and the information in the following paragraph upon request in accordance with the requirements of the applicable regulations. The information must be provided by the later of 30 days after the end of the quarter for which the information was requested, or two weeks after the receipt of the request. The REMIC must also comply with rules requiring certain information to be reported to the IRS. Reporting with respect to the REMIC residual certificates, including income, excess inclusions, investment expenses and relevant information regarding qualification of the REMIC's assets will be made as required under the Treasury regulations, typically on a quarterly basis.

As applicable, the REMIC regular certificate information reports will include a statement of the adjusted issue price of the REMIC regular certificate at the beginning of each accrual period. In addition, the reports will include information required by regulations with respect to computing the accrual of any market discount. Because exact computation of the accrual of market discount on a constant yield method requires information relating to the holder's purchase price that the master servicer, or the Certificate Administrator, as applicable, will not have, the regulations only require that information pertaining to the appropriate proportionate method of accruing market discount be provided. See "-Taxation of Owners of REMIC Regular Certificates-Market Discount."

The responsibility for complying with the foregoing reporting rules will be borne by the master servicer or the Certificate Administrator. Certificateholders may request any information with respect to the returns described in Section 1.6049-7(e)(2) of the Treasury regulations. Any request should be directed to the master servicer or Certificate Administrator, as applicable, at Residential Funding Corporation, 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437.

Backup Withholding with Respect to REMIC Certificates

Payments of interest and principal, as well as payments of proceeds from the sale of REMIC certificates, may be subject to the "backup withholding tax" under Section 3406 of the Internal Revenue Code if recipients of payments fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from the tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient's federal income tax. Furthermore, penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

Foreign Investors in REMIC Certificate

A REMIC regular certificateholder that is not a United States person and is not subject to federal income tax as a result of any direct or indirect connection to the United States in addition to its ownership of a REMIC regular certificate will not be subject to United States federal income or withholding tax on a distribution on a REMIC

regular certificate, provided that the holder complies to the extent necessary with certain identification requirements, including delivery of a statement, signed by the certificateholder under penalties of perjury, certifying that the certificateholder is not a United States person and providing the name and address of the certificateholder; this statement is generally made on IRS Form W-8BEN and must be updated whenever required information has changed or within three calendar years after the statement is first delivered. For these purposes, United States person means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia, except, in the case of a partnership, to the extent provided in regulations, provided that, for purposes solely of the restrictions on the transfer of residual interests, no partnership or other entity treated as a partnership for United States federal income tax purposes shall be treated as a United States person unless all persons that own an interest in such partnership either directly or through any entity that is not a corporation for United States federal income tax purposes are required by the applicable operating agreement to be United States persons or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. To

the extent prescribed in regulations by the Secretary of the Treasury, which regulations have not yet been issued, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Internal Revenue Code), and which was treated as a United States person on August 19, 1996, may elect to continue to be treated as a United States person notwithstanding the previous sentence. It is possible that the IRS may assert that the foregoing tax exemption should not apply with respect to a REMIC regular certificate held by a REMIC residual certificateholder that owns directly or indirectly a 10% or greater interest in the REMIC residual certificates. If the holder does not qualify for exemption, distributions of interest, including distributions of accrued original issue discount, to the holder may be subject to a tax rate of 30%, subject to reduction under any applicable tax treaty.

Special rules apply to partnerships, estates and trusts, and in certain circumstances certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

In addition, the foregoing rules will not apply to exempt a United States shareholder of a controlled foreign corporation from taxation on the United States shareholder's allocable portion of the interest income received by the controlled foreign corporation.

Further, it appears that a REMIC regular certificate would not be included in the estate of a non-resident alien individual and would not be subject to United States estate taxes. However, certificateholders who are non-resident alien individuals are encouraged to consult their tax advisors concerning this question.

Transfers of REMIC residual certificates to investors that are not United States persons will be prohibited under the related pooling and servicing agreement or trust agreement.

STATE AND OTHER TAX CONSEQUENCE

In addition to the federal income tax consequences described in "Material Federal Income Tax Consequences," potential investors should consider the state and local tax consequences of the acquisition, ownership, and disposition of the certificates offered hereunder. State tax law may differ substantially from the corresponding federal tax law, and the discussion above does not purport to describe any aspect of the tax laws of any state or other jurisdiction. Therefore, prospective investors are encouraged to consult their tax advisors with respect to the various tax consequences of investments in the certificates offered hereby.

ERISA CONSIDERATIONS

Sections 404 and 406 of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, impose fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA and various other retirement plans and arrangements, including bank collective investment funds and insurance company general and separate accounts in which those employee benefit plans and arrangements are invested. Section 4975 of the Internal Revenue Code imposes essentially the same prohibited transaction restrictions on certain tax-favored plans, including tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and individual retirement accounts described in Section 408 of the Internal Revenue Code.

Some employee benefit plans, including governmental plans, as defined in Section 3(32) of ERISA, and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans, as defined in Section 3(33) of ERISA, are not subject to the ERISA requirements discussed in this prospectus. Accordingly, assets of these plans may be invested in certificates without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any plan that is a tax-qualified plan and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules in Section 503(b) of the Internal Revenue Code.

Section 404 of ERISA imposes general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan. In addition, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving assets of employee benefit plans and arrangements and tax-favored plans, which are collectively referred to in this prospectus as "ERISA plans," and persons, called "parties in interest" under ERISA or "disqualified persons" under the Internal Revenue Code, which are collectively referred to in this prospectus as "parties in interest," who have specified relationships to the ERISA plans, unless a statutory, regulatory or administrative exemption is available. Some parties in interest that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed under Section 502(i) of ERISA or Section 4975 of the Internal Revenue Code, unless a statutory, regulatory or administrative exemption is available with respect to any transaction of this sort.

ERISA Plan Asset Regulations

An investment of assets of an ERISA plan in certificates may cause the underlying mortgage loans, contracts, mortgage securities or any other assets held in a trust to be deemed ERISA plan assets of the ERISA plan. The U.S. Department of Labor, or DOL, has promulgated regulations at 29 C.F.R. Section 2510.3-101 concerning whether or not an ERISA plan's assets would be deemed to include an interest in the underlying assets of an entity, including a trust, for purposes of applying the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, when an ERISA plan acquires an "equity interest," such as a certificate, in that entity.

Some of the rules contained in the DOL regulations provide that ERISA plan assets may be deemed to include an undivided interest in each asset of an entity, such as a trust, in which an ERISA plan makes an equity investment. Therefore, ERISA plans and entities deemed

to hold ERISA plan assets should not acquire or hold certificates in reliance upon the

availability of any exception under the DOL regulations. For purposes of this section, the terms "ERISA plan assets" and "assets of an ERISA plan" have the meanings specified in the DOL regulations and include an undivided interest in the underlying assets of entities in which an ERISA plan holds an equity interest.

Under the DOL regulations, the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code may apply to the assets of a trust and cause the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or affiliates of those entities to be considered or become parties in interest for an investing ERISA plan or an ERISA plan holding an interest in an ERISA-subject investment entity. If so, the acquisition or holding of certificates by or on behalf of the investing ERISA plan could also give rise to a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code, unless some statutory, regulatory or administrative exemption is available. Certificates acquired by an ERISA plan would be assets of that ERISA plan. Under the DOL regulations, a trust, including the mortgage loans, contracts, mortgage securities or any other assets held in the trust, may also be deemed to be assets of each ERISA plan that acquires certificates. Special caution should be exercised before ERISA plan assets are used to acquire a certificate in those circumstances, especially if, for the ERISA plan assets, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or an affiliate thereof either (i) has investment discretion with respect to the investment of the ERISA plan assets; or (ii) has authority or responsibility to give, or regularly gives, investment advice (direct or indirect) with respect to the ERISA plan assets for a fee under an agreement or understanding that this advice will serve as a primary basis for investment decisions with respect to the ERISA plan assets.

Any person who has discretionary authority or control with respect to the management or disposition of ERISA plan assets, and any person who provides investment advice with respect to the ERISA plan assets for a fee (in the manner described above), is a fiduciary of the investing ERISA plan. If the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then any party exercising management or discretionary control with respect to those ERISA plan assets may be deemed to be a "fiduciary," and thus subject to the general fiduciary requirements of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, for any investing ERISA plan. In addition, if the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then the acquisition or holding of certificates by or on behalf of an ERISA plan or with ERISA plan assets, as well as the operation of the trust, may constitute or result in a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions

The DOL has issued an individual prohibited transaction exemption, or PTE, 94-29, 59 Fed. Reg. 14674 (March 29, 1994), as most recently amended by 2002-41, 67 Fed. Reg. 54487 (August 22, 2002), referred to in this prospectus as the "RFC exemption," to Residential Funding Corporation and a number of its affiliates. The RFC exemption generally exempts, from the application of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code, various transactions, among others, relating to the servicing and operation of pools of secured obligations of some types, including mortgage loans, contracts or mortgage securities, which are held in a trust or by another "issuer" and the purchase, sale and holding of pass-through certificates or other "securities" issued by a trust or other issuer as to which:

- the depositor or any of its affiliates is the sponsor if any entity which has received from the DOL an individual prohibited transaction exemption which is substantially similar to the RFC exemption is the sole underwriter, a manager or co-manager of the underwriting syndicate or a selling or placement agent; or

- the depositor or an affiliate is the underwriter or placement agent,

provided that the conditions of the exemption are satisfied. For purposes of this section, the term "underwriter" includes:

- the depositor and a number of its affiliates;

- any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the depositor and certain of its affiliates;

- any member of the underwriting syndicate or selling group of which a person described in the two clauses just above is a manager or co-manager with respect to a class of certificates; or

- any entity which has received from the DOL an exemption, called an asset-backed exemption, relating to securities which is substantially similar to the RFC exemption.

The RFC exemption sets forth eight general conditions which must be satisfied for a transaction involving the purchase, sale and holding of certificates to be eligible for exemptive relief thereunder.

- First, the acquisition of certificates by an ERISA plan or with ERISA plan assets must be on terms that are at least as favorable to the ERISA plan as they would be in an arm's-length transaction with an unrelated party.

- Second, the RFC exemption only applies to certificates evidencing rights and interests that are not subordinated to the rights and interests evidenced by the other certificates of the same trust, unless none of the mortgage loans or other assets has an LTV ratio that exceeds 100% at the date of issuance of the certificates.

- Third, at the time of acquisition by an ERISA plan or with ERISA plan assets, the certificates must be rated in one of the four highest generic rating categories by Standard & Poor's, a division of The McGraw Hill Companies, Inc., Moody's Investors Service, Inc. or Fitch Ratings, called the exemption rating agencies.

- Fourth, the certificates must be rated in one of the two highest generic categories

by the exemption rating agencies if the LTV ratio of any one- to four-family residential mortgage loan or home equity loan held in the trust exceeds 100% but does not exceed 125% (based on fair market value at the date of issuance of the certificates). However, the RFC exemption will not apply in this case:

- to any of the certificates if:

- any mortgage loan or other asset held in the trust (other than a one- to four-family residential mortgage loan or closed-end home equity loan) has an LTV ratio that exceeds 100% at the date of issuance of the certificates; or
- any one- to four-family residential mortgage loan or closed-end home equity loan has an LTV ratio that exceeds 125% at the date of issuance of the certificates; or
- to any subordinate certificates..
- Fifth, the trustee cannot be an affiliate of any other member of the restricted group (which consists of any underwriter, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the swap counterparty in any eligible swap arrangement, any yield maintenance provider and any mortgagor with respect to assets of a trust constituting more than 5% of the aggregate unamortized principal balance of the assets in the related trust as of the date of initial issuance of the certificates) other than an underwriter.
- Sixth, the sum of all payments made to and retained by the underwriters must represent not more than reasonable compensation for underwriting the certificates; the sum of all payments made to and retained by the depositor pursuant to the assignment of the assets to the related trust must represent not more than the fair market value of those obligations; and the sum of all payments made to and retained by the master servicer, the Certificate Administrator, any servicer and any subservicer must represent not more than reasonable compensation for that person's services under the related pooling and servicing agreement or trust agreement and reimbursement of that person's reasonable expenses in connection therewith.
- Seventh, the investing ERISA plan or ERISA plan asset investor must be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act of 1933, as amended.
- Eighth, for issuers other than common law trusts, the documents establishing the issuer and governing the transaction must contain provisions as described in the RFC exemption that are intended to protect the assets of the issuer from creditors of the depositor.

The RFC exemption permits interest-rate swaps, interest rate caps and yield supplement agreements to be assets of a trust fund if certain conditions are satisfied.

An interest-rate swap or (if purchased by or on behalf of the trust) an interest-rate cap contract (collectively, a "swap" or "swap agreement") is a permitted trust fund asset if it: (a) is an "eligible swap;" (b) is with an "eligible counterparty;" (c) meets certain additional specific conditions which depend on whether the swap is a "ratings dependent swap" or a "non-ratings dependent swap;" and (d) permits the trust to make termination payments to the swap counterparty (other than currently scheduled payments) solely from excess spread or amounts otherwise payable to the servicer, depositor or seller. Securities to which one or more swap agreements apply may be acquired or held only by "qualified plan investors."

An "eligible swap" is one which: (a) is denominated in U.S. dollars; (b) pursuant to which the trust pays or receives on or immediately prior to the respective payment or distribution date for the class of securities to which the swap relates, a fixed rate of interest or a floating rate of interest based on a publicly available index (e.g., LIBOR or the U.S. Federal Reserve's Cost of Funds Index (COFI)), with the trust receiving such payments on at least a quarterly basis and obligated to make separate payments no more frequently than the counterparty, with all simultaneous payments being netted ("allowable interest rate"); (c) has a notional amount that does not exceed either: (i) the principal balance of the class of securities to which the swap related, or (ii) the portion of the principal balance of such class represented by obligations ("allowable notional amount"); (d) is not leveraged (i.e., payments are based on the applicable notional amount, the day count fractions, the fixed or floating rates permitted above, and the difference between the products thereof, calculated on a one-to-one ratio and not on a multiplier of such difference) ("leveraged"); (e) has a final termination date that is either the earlier of the date on which the issuer terminates or the related class of securities are fully repaid and (f) does not incorporate any provision which could cause a unilateral alteration in the requirements described in (a) through (d) above.

An "eligible counterparty" means a bank or other financial institution that has a rating at the date of issuance of the securities that is in one of the three highest long-term credit rating categories or one of the two highest short-term credit rating categories, utilized by at least one of the exemption rating agencies rating the securities; provided that, if a counterparty is relying on its short-term rating to establish eligibility, such counterparty must either have a long-term rating in one of the three highest long-term rating categories or not have a long-term rating from the applicable exemption rating agency.

A "qualified plan investor" is a plan for which the decision to buy such class of securities is made by an independent fiduciary qualified to understand the swap transaction and the effect the swap would have on the rating of the securities, which fiduciary must (a) be a "qualified professional asset manager" ("QPAM") under PTCE 84-14, (b) be an "in-house asset manager" under PTCE 96-23 or (c) have total assets (both plan and non-plan) under management of at least $100 million at the time the securities are acquired by the plan.

In "ratings dependent swaps" (where the rating of a class of securities is dependent on the terms and conditions of the swap and the rating of the counterparty), the swap agreement must provide that if the credit rating of the counterparty is withdrawn or reduced by any exemption rating agency below a level specified by the exemption rating agency, the servicer must, within the period specified under the Pooling and Servicing Agreement: (a) obtain a replacement swap agreement with an eligible counterparty which is acceptable to the exemption rating agency and the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); or (b) cause the swap counterparty to establish any collateralization or other arrangement satisfactory to the exemption rating agency such that the then current rating by the exemption rating agency of the particular class of securities will not be withdrawn or reduced (and the terms of the swap agreement must specifically obligate the counterparty to perform these duties for any class of securities with a term of more than one year). In the event that the servicer fails to meet these obligations, holders of the securities that are employee benefit plans or other retirement arrangements must be notified in the immediately following periodic report which is provided to the holders of the securities but in no event later than the end of the second month beginning after the date of such failure. Sixty days after the receipt of such report, the exemptive relief provided under the underwriter exemption will prospectively cease to be applicable to any class of securities held by an employee benefit plan or other retirement arrangement which involves such ratings dependent swap.

"Non-ratings dependent swaps" (those where the rating of the securities does not depend on the terms and conditions of the swap or the rating of the counterparty) are subject to the following conditions. If the credit rating of the counterparty is withdrawn or reduced below the lowest level permitted above, the servicer will, within a specified period after such rating withdrawal or reduction: (a) obtain a replacement swap agreement with an eligible counterparty, the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); (b) cause the counterparty to post collateral with the trust in an amount equal to all payments owed by the counterparty if the swap transaction were terminated; or (c) terminate the swap agreement in accordance with its terms. With respect to a non-ratings dependent swap, each exemption rating agency must confirm, as of the date of issuance of securities by the Trust, that entering into such swap will not affect the rating of the securities.

An "eligible yield supplement agreement" is any yield supplement agreement or similar arrangement or (if purchased by or on behalf of the trust) an interest rate cap contract to supplement the interest rates otherwise payable on obligations held by the trust fund ("EYS Agreement"). If the EYS Agreement has a notional principal amount, the EYS Agreement may only be held as an asset of the trust fund if it meets the following conditions: (a) it is denominated in U.S. dollars; (b) it pays an allowable interest rate; (c) it is not leveraged; (d) it does not allow any of these three preceding requirements to be unilaterally altered without the consent of the trustee; (e) it is entered into between the trust and an eligible counterparty and (f) it has an allowable notional amount.

The RFC exemption also requires that each trust meet the following requirements:

- the trust must consist solely of assets of the type that have been included in other investment pools;

- securities evidencing interests in those other investment pools must have been rated in one of the four highest categories of one of the exemption rating agencies for at least one year prior to the acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption; and

- securities in the other investment pools must have been purchased by investors other than ERISA plans for at least one year prior to any acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption.

An ERISA Plan fiduciary or other investor of ERISA plan assets contemplating purchasing a certificate must make its own determination that the general conditions described above will be satisfied with respect to that certificate.

If the general conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, in connection with the direct or indirect sale, exchange, transfer, holding or the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or with ERISA plan assets. However, no exemption is provided from the restrictions of Sections 406(a)(1)(E) and 406(a)(2) of ERISA for the acquisition or holding of a certificate by an excluded ERISA plan or with ERISA plan assets of an excluded ERISA plan by any person who has discretionary authority or renders investment advice with respect to ERISA plan assets of the excluded ERISA plan. For purposes of the certificates, an "excluded ERISA plan" is an ERISA plan sponsored by any member of the restricted group.

If specific conditions of the RFC exemption are also satisfied, the RFC exemption may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(b)(1) and (b)(2) of ERISA and Section 4975(c)(1)(E) of the Internal Revenue Code, in connection with the following:

- the direct or indirect sale, exchange or transfer of certificates in the initial issuance of certificates between the depositor or an underwriter and an ERISA plan when the person who has discretionary authority or renders investment advice with respect to the investment of the relevant ERISA plan assets in the certificates is:

- a mortgagor with respect to 5% or less of the fair market value of the assets of a trust; or

- an affiliate of that person;

provided that, if the certificates are acquired in connection with their initial issuance, the quantitative restrictions described in the RFC exemption are met;

- the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or by a person investing ERISA plan assets; and

- the holding of certificates by an ERISA plan or with ERISA plan assets.

Additionally, if specific conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption from the application of the prohibited transaction provisions of Sections 406(a), 406(b) and 407(a) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools or contract pools. The accompanying prospectus supplement will specify whether the depositor expects that the specific conditions of the RFC exemption will be satisfied with respect to the certificates so that the RFC exemption would provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

The RFC exemption also may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, if those restrictions are deemed to otherwise apply merely because a person is deemed to be a party in interest with respect to an investing ERISA plan, or an ERISA plan holding interests in the investing entity holding ERISA plan assets, by virtue of providing services to the ERISA plan or by virtue of having specified relationships to such a person, solely as a result of the ERISA plan's ownership of certificates.

Before purchasing a certificate, a fiduciary or other investor of ERISA plan assets should itself confirm that the certificates constitute "securities" for purposes of the RFC exemption and that the specific and general conditions and the other requirements described in the RFC exemption would be satisfied. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption, the fiduciary or other ERISA plan asset investor should consider its general fiduciary obligations under ERISA in determining whether to purchase any certificates with ERISA plan assets.

Any fiduciary or other ERISA plan asset investor that proposes to purchase certificates on behalf of an ERISA plan or with ERISA plan assets are encouraged to consult with its counsel on the potential applicability of ERISA and the Internal Revenue Code to that investment and the availability of the RFC exemption or any DOL prohibited transaction class exemption, or PTCE, in connection therewith. In particular, in connection with a contemplated purchase of certificates representing a beneficial ownership interest in a pool of single-family residential first mortgage loans or Agency Securities, the fiduciary or other ERISA plan asset investor should consider the availability of PTCE 83-1 for various transactions involving mortgage pool investment trusts. However, PTCE 83-1 does not provide exemptive relief with respect to certificates evidencing interests in trusts which include contracts or Cooperative Loans, or some types of private securities, or which contain a swap. In addition, the fiduciary or other ERISA plan asset investor should consider the availability of other class exemptions granted by the DOL, which provide relief from certain of the prohibited transaction provisions of ERISA and the related excise tax provisions of Section 4975 of the Internal Revenue Code, including Sections I and III of PTCE 95-60, regarding transactions by insurance company general accounts. The accompanying prospectus supplement may contain additional information regarding the application of the RFC exemption, PTCE 83-1, PTCE 95-60 or other DOL class exemptions for the certificates offered thereby. There can be no assurance that any of these exemptions will apply with respect to any particular ERISA plan's or other ERISA plan asset investor's investment in the certificates or, even if an exemption were deemed to apply, that any exemption would apply to all prohibited transactions that may occur in connection with this form of investment.

Insurance Company General Accounts

Insurance companies contemplating the investment of general account assets in the certificates are encouraged to consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA. The DOL issued final regulations under Section 401(c) which were published in the Federal Register on January 5, 2000 and became generally applicable on July 5, 2001.

Representations From Investing ERISA Plan

If the criteria specified in the RFC exemption as described above are not satisfied by one or more classes of certificates, or by a trust or the mortgage loans, contracts, mortgage securities and other assets held by the trust, then the accompanying prospectus supplement will specify whether or not transfers of those certificates to an ERISA plan, to a trustee or other person acting on behalf of any ERISA plan, or to any other person using ERISA plan assets to effect the acquisition, will be registered by the trustee if the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to the depositor, the trustee and the master servicer, which opinion will not be at the expense of the depositor, the trustee or the master servicer, that the purchase of the certificates by or on behalf of the ERISA plan or with ERISA plan assets:

- is permissible under applicable law;

- will not constitute or result in any non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and

- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing or trust agreement.

The accompanying prospectus supplement will specify whether or not each beneficial owner of a subordinate certificate offered by this prospectus and the accompanying prospectus supplement (or any interest therein) shall be deemed to have represented, by virtue of its acquisition or holding of such certificate (or interest therein), that either:

- it is not an ERISA plan, a trustee or other person acting on behalf of an ERISA plan, or any other person using ERISA plan assets to effect such acquisition or holding;

- it has acquired and is holding such subordinate certificate in reliance on the RFC exemption and it understands that there are certain conditions to the availability of the RFC exemption including that the subordinate certificates must be rated, at the time of acquisition, in one of the four highest generic rating categories by at least one of the exemption rating agencies; or

- (1) such acquirer or holder is an insurance company, (2) the source of funds used to acquire or hold such certificate (or interest therein) is an "insurance company general account" (as defined in PTCE 95-60), and (3) the conditions set forth in Sections I and III of PTCE 95-60 have been satisfied.

If any subordinate certificate (or any interest therein) is acquired or held in violation of the conditions described in the preceding paragraph, the next preceding permitted beneficial owner will be treated as the beneficial owner of the subordinate certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of any subordinate certificate (or interest therein) was effected in violation of the conditions described in the preceding paragraph shall indemnify and hold harmless the depositor, the trustee, the master servicer, any subservicer and the trust from and against any and all liabilities, claims, costs or expenses incurred by such parties as a result of such acquisition or holding.

Tax-Exempt Investors; REMIC Residual Certificates

An ERISA plan that is a Tax-Exempt Investor nonetheless will be subject to federal income taxation to the extent that its income is "unrelated business taxable income," or UBTI, within the meaning of Section 512 of the Internal Revenue Code. All "excess inclusions" of a REMIC allocated to a REMIC residual certificate held by a Tax-Exempt Investor will be considered UBTI and thus will be subject to federal income tax. See "Material Federal Income Tax Consequences- Taxation of Owners of REMIC Residual Certificates-Excess Inclusions." In addition, the exemptive relief afforded by the RFC exemption does not apply to the purchase, sale or holding of any class of REMIC residual certificates.

Consultation With Counsel

There can be no assurance that the RFC exemption or any other DOL exemption will apply with respect to any particular ERISA plan that acquires the certificates or, even if all of the specified conditions were satisfied, that the exemption would apply to all transactions involving a trust. Prospective ERISA plan investors are encouraged to consult with their legal counsel concerning the impact of ERISA and the Internal Revenue Code and the potential consequences to their specific circumstances prior to making an investment in the certificates.

Before purchasing a certificate, a fiduciary of an ERISA plan should itself confirm that all of the specific and general conditions described in the RFC exemption or one of

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the other DOL exemptions would be satisfied. Before purchasing a certificate in reliance on the RFC exemption, an ERISA plan fiduciary should itself confirm that the certificate constitutes a "security" for purposes of the RFC exemption. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption or any other DOL exemption, an ERISA plan fiduciary should consider its general fiduciary obligations under ERISA in determining whether to purchase a security on behalf of an ERISA plan.

LEGAL INVESTMENT MATTERS

Each class of certificates offered hereby and by the accompanying prospectus supplement will be rated at the date of issuance in one of the four highest rating categories by at least one rating agency. If stated in the accompanying prospectus supplement, classes that are, and continue to be, rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization will constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended, or SMMEA, and, as such, will be legal investments for persons, trusts, corporations, partnerships, associations, business trusts and business entities (including depository institutions, life insurance companies and pension funds) created under or existing under the laws of the United States or of any State whose authorized investments are subject to state regulation to the same extent that, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof constitute legal investments for those entities. Under SMMEA, if a State enacted legislation on or prior to October 3, 1991 specifically limiting the legal investment authority of any of these entities with respect to "mortgage related securities," these securities will constitute legal investments for entities subject to the legislation only to the extent provided therein. Certain States enacted legislation which overrides the preemption provisions of SMMEA. SMMEA provides, however, that in no event will the enactment of any such legislation affect the validity of any contractual commitment to purchase, hold or invest in "mortgage related securities," or require the sale or other disposition of the securities, so long as the contractual commitment was made or the securities acquired prior to the enactment of the legislation.

SMMEA also amended the legal investment authority of federally-chartered depository institutions as follows: federal savings and loan associations and federal savings banks may invest in, sell or otherwise deal with "mortgage related securities" without limitation as to the percentage of their assets represented thereby, federal credit unions may invest in these securities, and national banks may purchase these securities for their own account without regard to the limitations generally applicable to investment securities described in 12 U.S.C. §24 (Seventh), subject in each case to any regulations that the applicable federal regulatory authority may prescribe.

The 1998 Policy Statement was adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998. The 1998 Policy Statement rescinded a 1992 policy statement that had required, prior to purchase, a depository institution to determine whether a mortgage derivative product that it was considering acquiring was high-risk, and, if so, required that the proposed acquisition would reduce the institution's overall interest rate risk. The 1998 Policy Statement eliminates constraints on investing in certain "high-risk" mortgage derivative products and substitutes broader guidelines for evaluating and monitoring investment risk.

The OTS has issued Thrift Bulletin 73a, entitled "Investing in Complex Securities" or TB 73a, which is effective as of December 18, 2001 and applies to savings associations regulated by the OTS, and Thrift Bulletin 13a, entitled "Management of Interest Rate Risk, Investment Securities, and Derivatives Activities", or TB 13a, which is effective as of December 1, 1998, and applies to thrift institutions regulated by the OTS.

One of the primary purposes of TB 73a is to require savings associations, prior to taking any investment position, to determine that the investment position meets applicable regulatory and policy requirements (including those set forth TB 13a (see below)) and internal guidelines, is suitable for the institution, and is safe and sound. The OTS recommends, with respect to purchases of specific securities, additional analysis, including, among others, analysis of repayment terms, legal structure, expected performance of the issuing entity and any underlying assets as well as analysis of the effects of payment priority, with respect to a security which is divided into separate tranches with unequal payments, and collateral investment parameters, with respect to a security that is prefunded or involves a revolving period. TB 73a reiterates the OTS"s due diligence requirements for investing in all securities and warns that if a savings association makes an investment that does not meet the applicable regulatory requirements, the savings association"s investment practices will be subject to criticism, and the OTS may require divestiture of such securities. The OTS also recommends, with respect to an investment in any "complex securities," that savings associations should take into account quality and suitability, marketability, interest rate risk, and classification factors. For the purposes of each of TB 73a and TB 13a, "complex security" includes among other things any collateralized mortgage obligation or real estate mortgage investment conduit security, other than any "plain vanilla" mortgage pass-through security (that is, securities that are part of a single class of securities in the related pool that are non-callable and do not have any special features). Accordingly, all classes of the offered certificates would likely be viewed as "complex securities." With respect to quality and suitability factors, TB 73a warns:

" that a savings association"s sole reliance on outside ratings for material purchases of complex securities is an unsafe and unsound practice,

" that a savings association should only use ratings and analyses from nationally recognized rating agencies in conjunction with, and in validation of, its own underwriting processes, and

" that it should not use ratings as a substitute for its own thorough underwriting analyses.

With respect to the interest rate risk factor, TB 73a recommends that savings associations should follow the guidance set forth in TB 13a.

One of the primary purposes of TB 13a is to require thrift institutions, prior to taking any investment position, to:

" conduct a pre-purchase portfolio sensitivity analysis for any "significant transaction" involving securities or financial derivatives, and

" conduct a pre-purchase price sensitivity analysis of any "complex security" or financial derivative.

The OTS recommends that while a thrift institution should conduct its own in-house pre-acquisition analysis, it may rely on an analysis conducted by an independent third-party as long as management understands the analysis and its key assumptions.

Further, TB 13a recommends that the use of "complex securities with high price sensitivity" be limited to transactions and strategies that lower a thrift institution's portfolio interest rate risk. TB 13a warns that investment in complex securities by thrift institutions that do not have adequate risk measurement, monitoring and control systems may be viewed by the OTS examiners as an unsafe and unsound practice.

Prospective investors in the certificates, including in particular the classes of certificates that do not constitute "mortgage related securities" for purposes of SMMEA, should consider the matters discussed in the following paragraph.

There may be other restrictions on the ability of some investors either to purchase some classes of certificates or to purchase any class of certificates representing more than a specified percentage of the investors' assets. The depositor will make no representations as to the proper characterization of any class of certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of certificates. Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities are encouraged to consult with their own legal advisors in determining whether and to what extent the certificates of any class constitute legal investments or are subject to investment, capital or other restrictions, and, if applicable, whether SMMEA has been overridden in any jurisdiction relevant to the investor.

USE OF PROCEEDS

Substantially all of the net proceeds to be received by the depositor from the sale of certificates will be applied by the depositor to finance the purchase of, or to repay short-term loans incurred to finance the purchase of, the mortgage collateral underlying the certificates or will be used by the depositor for general corporate purposes. The depositor expects that it will make additional sales of securities similar to the certificates from time to time, but the timing and amount of any additional offerings will be dependent upon a number of factors, including the volume of mortgage loans, contracts or mortgage securities purchased by the depositor, prevailing interest rates, availability of funds and general market conditions.

METHODS OF DISTRIBUTIO

The certificates offered hereby and by the accompanying prospectus supplements will be offered in series through one or more of the methods described below. The prospectus supplement prepared for each series will describe the method of offering being utilized for that series and will state the net proceeds to the depositor from that sale.

The depositor intends that certificates will be offered through the following methods from time to time and that offerings may be made concurrently through more than one of these methods or that an offering of a particular series of certificates may be made through a combination of two or more of the following methods:

- by negotiated firm commitment or best efforts underwriting and public re-offering by underwriters;
- by placements by the depositor with institutional investors through dealers; and
- by direct placements by the depositor with institutional investors.

In addition, if specified in the accompanying prospectus supplement, a series of certificates may be offered in whole or in part in exchange for the mortgage collateral, and other assets, if applicable, that would comprise the trust securing the certificates.

If underwriters are used in a sale of any certificates, other than in connection with an underwriting on a best efforts basis, the certificates will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices to be determined at the time of sale or at the time of commitment therefor. These underwriters may be broker-dealers affiliated with the depositor whose identities and relationships to the depositor will be as described in the accompanying prospectus supplement. The managing underwriter or underwriters with respect to the offer and sale of a particular series of certificates will be listed on the cover of the prospectus supplement relating to that series and the members of the underwriting syndicate, if any, will be named in the accompanying prospectus supplement.

In connection with the sale of the certificates, underwriters may receive compensation from the depositor or from purchasers of the certificates in the form of discounts, concessions or commissions. Underwriters and dealers participating in the distribution of the certificates are underwriters, as defined under the Securities Act of 1933, as amended, in connection with the certificates, and any discounts or commissions received by them from the depositor and any profit on the resale of certificates by them would be underwriting discounts and commissions under the Securities Act of 1933, as amended.

It is anticipated that the underwriting agreement pertaining to the sale of any series of certificates will provide that the obligations of the underwriters will be subject to certain conditions precedent, that the underwriters will be obligated to purchase all of the certificates if any are purchased (other than in connection with an underwriting on a best efforts basis) and that, in limited circumstances, the depositor will indemnify the several underwriters and the underwriters will indemnify the depositor against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended, or will contribute to payments required to be made in respect thereof.

The prospectus supplement with respect to any series offered by placements through dealers will contain information regarding the nature of the offering and any agreements to be entered into between the depositor and purchasers of certificates of that series.

The depositor anticipates that the certificates offered hereby will be sold primarily to institutional investors or sophisticated non-institutional investors. Purchasers of certificates, including dealers, may, depending on the facts and circumstances of the purchases, be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, in connection with reoffers and sales by them of certificates. Holders of certificates are encouraged to consult with their legal advisors in this regard prior to any reoffer or sale.

Securities offered hereby and by an accompanying prospectus supplement may be distributed in connection with resecuritization transactions. In a resecuritization transaction, securities offered hereby will be transferred to a trust (or other type of issuing entity) and securities backed by those securities will in turn be offered to investors. There is no assurance that any particular class of security offered hereby will be suitable for inclusion in a resecuritization transaction.

LEGAL MATTERS

Certain legal matters, including certain federal income tax matters, will be passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York, or Mayer, Brown, Rowe & Maw LLP, New York, New York, as specified in the prospectus supplement.

ADDITIONAL INFORMATION

The depositor has filed the registration statement, file number 333-131213, with the Securities and Exchange Commission, or Commission. The depositor and each issuing entity are also subject to some of the information requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, and, accordingly, each issuing entity will file reports thereunder with the Commission. The registration statement and the exhibits thereto, and reports and other information filed by the depositor and each issuing entity pursuant to the Exchange Act can be read and copied at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at http://www.sec.gov. For purposes of any electronic version of this prospectus, the preceding uniform resource locator, or URL, is an inactive textual reference only. We have taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus was created.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Commission allows the depositor to "incorporate by reference" the information filed with the Commission by the depositor, under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, that relates to any trust fund for the certificates. This means that the depositor can disclose important information to any investor by referring the investor to these documents. The information incorporated by reference is an important part of this prospectus, and information filed by the depositor with the Commission that relates to the trust fund for the certificates will automatically update and supersede this information. Documents that may be incorporated by reference with respect to a particular series of certificates include an insurer's financials, a certificate policy, mortgage pool policy, computational materials, collateral term sheets, the related pooling and servicing agreement and amendments thereto, other documents on Form 8-K and Section 13(a), 13(c), 14 or 15(d) of Exchange Act as may be required in connection with the related trust fund.

The depositor will provide or cause to be provided without charge to each person to whom this prospectus and accompanying prospectus supplement is delivered in connection with the offering of one or more classes of the related series of certificates, upon written or oral request of that person, a copy of any or all reports incorporated in this prospectus by reference, in each case to the extent the reports relate to one or more of the classes of the related series of certificates, other than the exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents. Requests should be directed in writing to Residential Accredit Loans, Inc., 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437, or by telephone at (952) 857-7000.

The depositor may provide static pool information, in response to Item 1105 of Regulation AB, through an Internet Web site, and if the depositor decides to provide information through such means, the accompanying prospectus supplement accompanying this prospectus will disclose the specific Internet address where such information is posted.

GLOSSARY

1998 Policy Statement- The revised supervisory statement listing the guidelines for investments in "high risk mortgage securities," and adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998.

Additional Collateral-With respect to an Additional Collateral Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets.

Additional Collateral Loans-A mortgage loan with an LTV ratio at origination in excess of 80%, but not greater than 100% and is secured by Additional Collateral, in addition to the related mortgaged property and in lieu of any primary mortgage insurance by Additional Collateral.

Additional Collateral Requirement-The amount of Additional Collateral required for any Additional Collateral Loan, which in most cases will not exceed 30% of the principal amount of such mortgage loan.

Advance-As to any mortgage loan and any distribution date, an amount equal to the scheduled payments of principal (other than any Balloon Amount in the case of a Balloon Loan) and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Agency Securities-Any securities issued by Freddie Mac, Fannie Mae or Ginnie Mae. Such Agency Securities may represent whole or partial interests in pools of (1) mortgage loans or contracts or (2) Agency Securities. The accompanying prospectus supplement will specify whether the Ginnie Mae securities will be backed by the full faith and credit of the United States. None of the Freddie Mac securities or Fannie Mae securities will be backed, directly or indirectly, by the full faith and credit of the United States. Agency Securities may be backed by fixed or adjustable-rate mortgage loans or other types of mortgage loans or contracts specified in the accompanying prospectus supplement.

Balloon Amount-The full outstanding principal balance on a Balloon Loan due and payable on the maturity date.

Balloon Loans-Mortgage loans or contracts with level monthly payments of principal and interest based on a 30 year amortization schedule, or such other amortization schedule as specified in the accompanying prospectus supplement, and having original or modified terms to maturity shorter than the term of the related amortization schedule.

Bankruptcy Amount-The amount of Bankruptcy Losses that may be borne solely by the subordinate certificates of the related series.

Bankruptcy Losses-A Realized Loss attributable to certain actions which may be taken by a bankruptcy court in connection with a mortgage loan or contract, including a reduction by a bankruptcy court of the principal balance of or the mortgage rate on a mortgage loan or an extension of its maturity.

Buy-Down Account-As to a Buy-Down Mortgage Loan, the custodial account where Buy-Down Funds are deposited.

Buy-Down Funds-As to a Buy-Down Mortgage Loan, the amount contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account.

Buy-Down Mortgage Loan-A mortgage loan subject to a temporary buy-down plan.

Buy-Down Period-The early years of the term of or Buy-Down Mortgage Loan when payments will be less than the scheduled monthly payments on the Mortgage Loan, the

resulting difference to be made up from the Buy-Down Funds.

Call Certificate-Any certificate evidencing an interest in a Call Class.

Call Class-A class of certificates under which the holder will have the right, at its sole discretion, to terminate the related trust, resulting in early retirement of the certificates of the series.

Call Price-In the case of a call with respect to a Call Class, a price equal to 100% of the principal balance of the related certificates as of the day of that purchase plus accrued interest at the applicable pass-through rate.

Certificate Account-An account established and maintained by the master servicer in the name of the trustee for the benefit of the holders of each series of certificates, for the disbursement of payments on the mortgage loans evidenced by each series of certificates.

Certificate Administrator-In addition to or in lieu of the master servicer for a series of certificates, the accompanying prospectus supplement may identify a Certificate Administrator for the trust, which will have administrative responsibilities with respect to such trust. The Certificate Administrator may be an affiliate of the depositor or the master servicer.

Compensating Interest-As to any distribution date, for any mortgage loan or contract that prepaid in full during the portion of the related Prepayment Period that occurs during the prior calendar month or that prepaid in part during the prior calendar month, an additional payment made by the master servicer, to the extent funds are available from the servicing fee or some investment earnings, equal to the amount of Prepayment Interest Shortfalls due to those prepayments.

Convertible Mortgage Loan-ARM loans which allow the mortgagors to convert the adjustable-rates on those mortgage loans to a fixed-rate at one or more specified periods during the life of the mortgage loans, in most cases not later than ten years subsequent to the date of origination.

Cooperative-For a Cooperative Loan, the corporation that owns the related apartment building.

Cooperative Loans-Cooperative apartment loans evidenced by Cooperative Notes secured by security interests in shares issued by Cooperatives and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the related buildings.

Cooperative Notes-A promissory note for a Cooperative Loan.

Credit Scores-A measurement of the relative degree of risk a borrower represents to a lender obtained from credit reports utilizing, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience.

Custodial Account-The custodial account or accounts created and maintained under the pooling and servicing agreement in the name of a depository institution, as custodian for the holders of the certificates, for the holders of certain other interests in mortgage loans serviced or sold by the master servicer and for the master servicer, into which the amounts shall be deposited directly. Any such account or accounts shall be an Eligible Account.

Debt Service Reduction-Modifications of the terms of a mortgage loan resulting from a bankruptcy proceeding, including a reduction in the amount of the monthly payment on the related mortgage loan, but not any permanent forgiveness of principal.

Defaulted Mortgage Losses-A Realized Loss attributable to the mortgagor's failure to make any payment of principal or interest as required under the mortgage note or contract, but not including Special Hazard Losses, Extraordinary Losses or other losses resulting from damage to a mortgaged property, Bankruptcy Losses or Fraud Losses.

Deficient Valuation-In connection with the personal bankruptcy of a mortgagor, the difference between the outstanding principal balance of the mortgage loan or contract and a lower value established by the bankruptcy court or any reduction in the amount of principal to be paid that results in a permanent forgiveness of principal.

Designated Seller Transaction-A transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller described in the prospectus supplement.

Direct Puerto Rico Mortgage-For any Puerto Rico Mortgage Loan, a Mortgage to secure a specific obligation for the benefit of a specified person.

Disqualified Organization-For these purposes means:

- the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of the foregoing (but would not include instrumentalities described in Section 168(h)(2)(D) of the Internal Revenue Code or Freddie Mac),
- any organization (other than a cooperative described in Section 521 of the Internal Revenue Code) that is exempt from federal income tax, unless it is subject to the tax imposed by Section 511 of the Internal Revenue Code,
- any organization described in Section 1381(a)(2)(C) of the Internal Revenue Code,
- an "electing large partnership" (as described in Section 775 of the Internal Revenue Code), or
- any other person so designated by the trustee based upon an opinion of counsel that the holding of an ownership interest in a REMIC certificate by that person may cause the related trust or any person having an ownership interest in the REMIC certificate, other than such person, to incur a liability for any federal tax imposed under the Internal Revenue Code that would not otherwise be imposed but for the transfer of an ownership interest in a REMIC certificate to that person.

Distribution Amount-As to a class of certificates for any distribution date will be the portion, if any, of the amount to be distributed to that class for that distribution date of principal, plus, if the class is entitled to payments of interest on that distribution date, interest accrued during the related interest accrual period at the applicable pass-through rate on the principal balance or notional amount of that class specified in the accompanying prospectus supplement, less certain interest shortfalls, which will include:

- any deferred interest added to the principal balance of the mortgage loans and/or the outstanding balance of one or more classes of certificates on the related due date;
- any other interest shortfalls, including, without limitation, shortfalls resulting from application of the Relief Act or similar legislation or regulations as in effect from time to time, allocable to certificateholders which are not covered by advances or the applicable credit enhancement; and
- Prepayment Interest Shortfalls not covered by Compensating Interest, in each case in an amount that is allocated to that class on the basis set forth in the prospectus supplement.

Due Period-As to any distribution date, the period starting on the second day of the month prior to such distribution date, and ending on the first day of the month of such distribution date, or such other period as specified in the accompanying prospectus supplement.

Eligible Account-An account acceptable to the applicable rating agency.

Endorsable Puerto Rico Mortgage-As to any Puerto Rico Mortgage Loan, a mortgage to secure an instrument transferable by endorsement.

Environmental Lien-A lien imposed by federal or state statute, for any cleanup costs incurred by a state on the property that is the subject of the cleanup costs.

Expanded Criteria Program-Residential Funding Corporation's mortgage loan origination program for mortgage loans with loan characteristics that are not permitted under some of Residential Funding Corporation's other mortgage loan purchase programs.

Expanded Criteria Program Seller-A mortgage collateral seller that participates in the Expanded Criteria Program.

Extraordinary Loss-A Realized Loss resulting from damage to a mortgaged property that was occasioned by war, civil insurrection, certain governmental actions, nuclear reaction, and certain other risks.

Fraud Loss Amount-The amount of Fraud Losses that may be borne solely by the subordinate certificates of the related series.

Fraud Losses-A Realized Loss incurred on defaulted mortgage loans or contracts as to which there was fraud in the origination of the mortgage loans.

Funding Account-An account established for the purpose of funding the transfer of additional mortgage loans into the related trust.

GPM Loan- A mortgage loan under which the monthly payments by the mortgagor during the early years of the mortgage are less than the amount of interest that would otherwise be payable thereon, with the interest not so paid added to the outstanding principal balance of such mortgage loan.

Gross Margin-For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

Insurance Proceeds-Proceeds of any special hazard insurance policy, bankruptcy bond, mortgage pool insurance policy, primary insurance policy and any title, hazard or other insurance policy or guaranty covering any mortgage loan in the mortgage pool together with any payments under any letter of credit.

Interest Only Loans-Mortgage loans with payments of interest only during the early years of the term, followed by fixed monthly payments of principal and interest or periodically increasing monthly payments of principal and interest for the duration of the term or for a specified number of years, as described in the related prospectus supplement.

Issue Premium-As to a class of REMIC Regular Certificates, the issue price in excess of the stated redemption price of that class.

Liquidated Contract-A defaulted contract for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidated Mortgage Loan-A defaulted mortgage loan for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidation Proceeds-Amounts collected by the subservicer in connection with the liquidation of a mortgage loan, by foreclosure or otherwise.

Mark-to-Market Regulations-The final regulations of the IRS, released on December 24, 1996, relating to the requirement that a securities dealer mark to market securities held for sale to customers.

Net Mortgage Rate-As to a mortgage loan, the mortgage rate net of servicing fees, other administrative fees and any Spread.

Nonrecoverable Advance-Any Advance or Servicing Advance previously made which the Master Servicer has determined to not be ultimately recoverable from Liquidation Proceeds, Insurance Proceeds or otherwise.

Note Margin-For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

OID - Original issue discount, as determined in accordance with the Internal Revenue Code.

Pass-Through Entity-Any regulated investment company, real estate investment trust, trust, partnership or other entities described in Section 860E(e)(6) of the Internal Revenue Code. In addition, a person holding an interest in a pass-through entity as a nominee for another person will, with respect to that interest, be treated as a pass-through entity.

Permitted Investments-United States government securities and other investment grade obligations specified in the related pooling and servicing agreement.

Pledged Asset Mortgage Loans-Mortgage loans that have LTV ratios at origination of up to 100% and are secured, in addition to the related mortgaged property, by Pledged Assets.

Pledged Assets-As to a Pledged Asset Mortgage Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets or residential property owned by the guarantor.

Prepayment Interest Shortfall-With respect to a mortgage loan that is subject to a mortgagor prepayment and any distribution date, an amount equal to the aggregate shortfall, if any, in collections of interest, adjusted to the related Net Mortgage Rate, resulting from partial mortgagor prepayments on the related mortgage loan during the preceding calendar month or from mortgagor prepayments in full on the related mortgage loan during the related Prepayment Period but prior to the calendar month of the distribution date.

Prepayment Period-With respect to each distribution date and Principal Prepayments in full, the period commencing on the 16th day of the month prior to that distribution date and ending on the 15th day of the month of that distribution date, or another period specified in the accompanying prospectus supplement.

Principal Prepayments-Any principal payments received with respect to a mortgage loan, in advance of the scheduled due date and not accompanied by a payment of interest for any period following the date of payment.

Qualified Insurer-As to a mortgage pool insurance policy, special hazard insurance policy, bankruptcy policy, certificate insurance policy or surety bond, an insurer qualified under applicable law to transact the insurance business or coverage as applicable.

Realized Loss-As to any defaulted mortgage loan that is finally liquidated, the amount of loss realized, if any, will equal the portion of the Stated Principal Balance plus accrued and unpaid interest remaining after application of all amounts recovered, net of amounts reimbursable to the master servicer for related Advances, Servicing Advances and other expenses, towards interest and principal owing on the mortgage loan. For a mortgage loan the principal balance of which has been reduced in connection with bankruptcy proceedings, the amount of the reduction will be treated as a Realized Loss. As to any mortgage loan that has been the subject of a Debt Service Reduction, the amount of the reduction will be treated as a Realized Loss as incurred. For a mortgage loan that has been modified, following a default or if a default was reasonably foreseeable, the amount of principal that has been forgiven, the amount by which a monthly payment has been reduced due to a reduction of the interest rate, and any Servicing Advances that are forgiven and reimbursable to the master servicer or servicer.

REMIC - A real estate mortgage investment conduit as described in section 860D of the Internal Revenue Code.

REMIC Provisions - Sections 860A through 860G of the Internal Revenue Code.

REO Contract-A contract where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

REO Mortgage Loan-A mortgage loan where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

Servicing Advances-Amounts advanced on any mortgage loan to cover taxes, insurance premiums, foreclosure costs or similar expenses, including amounts representing the cost of some related services, if the master servicer and any affiliate of the master servicer provides services such as appraisals and brokerage services that are customarily provided by persons other than servicers of mortgage loans.

Special Hazard Amount-The amount of Special Hazard Losses that may be allocated to the subordinate certificates of the related series.

Special Hazard Losses-A Realized Loss incurred, to the extent that the loss was attributable to (i) direct physical damage to a mortgaged property other than any loss of a type covered by a hazard insurance policy or a flood insurance policy, if applicable, and (ii) any shortfall in insurance proceeds for partial damage due to the application of the co-insurance clauses contained in hazard insurance policies. The amount of the Special Hazard Loss is limited to the lesser of the cost of repair or replacement of the mortgaged property; any loss above that amount would be a Defaulted Mortgage Loss or other applicable type of loss. Special Hazard Losses does not include losses occasioned by war, civil

insurrection, certain governmental actions, errors in design, faulty workmanship or materials (except under certain circumstances), nuclear reaction, chemical contamination or waste by the mortgagor.

Special Servicer-A special servicer named under the pooling and servicing agreement for a series of certificates, which will be responsible for the servicing of delinquent loans.

Spread-A portion of interest due with respect to the mortgage loans or mortgage securities transferred as part of the assets of the related trust.

Stated Principal Balance-As to any mortgage loan as of any date of determination, its principal balance as of the cut-off date, after application of all scheduled principal payments due on or before the cut-off date, whether received or not, reduced by all amounts allocable to principal that are distributed to certificateholders before the date of determination, further reduced to the extent that any Realized Loss has been allocated to any certificates before that date, and increased by the amount of any interest or other amounts owing on the mortgage loan that have been capitalized in connection with a modification.

Subordinate Amount-A specified portion of subordinated distributions with respect to the mortgage loans, allocated to the holders of the subordinate certificates as set forth in the accompanying prospectus supplement.

Subsequent Recoveries - Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Subservicing Account-An account established and maintained by a subservicer which meets the requirements described in the Seller Guide and is otherwise acceptable to the master servicer.

Tax-Exempt Investor-Tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and on individual retirement accounts described in Section 408 of the Internal Revenue Code.

Tiered REMICs - Two or more REMICs created pursuant to Treasury Regulation Section 1.860F-2(a)(2).

TABLE OF CONTENTS

Page

INTRODUCTION.....1

THE TRUSTS.....1

General.....1
The Mortgage Loans.....4
The Mortgaged Properties.....10
Loan-to-Value Ratio.....11
Underwriting Policies.....12
The Contracts.....18
The Agency Securities.....18
Mortgage Collateral Sellers...20
Qualifications of Sellers.....20
Representations with Respect to Mortgage Collateral...21
Repurchases of Mortgage Collateral.....23
Limited Right of Substitution.24

DESCRIPTION OF THE CERTIFICATES.....25

General.....25
Form of Certificates.....28
Assignment of Mortgage Loans..31
Assignment of the Contracts...32
Review of Mortgage Loan or Contract Documents....33
Assignment of Mortgage Securities.....33
Spread.....34
Payments on Mortgage Collateral.....34
Withdrawals from the Custodial Account.....38
Distributions.....39
Example of Distributions.....40
Advances.....42
Prepayment Interest Shortfalls43
Funding Account.....43
Reports to Certificateholders.44

Servicing and Administration of Mortgage Collateral...45
Realization upon Defaulted Mortgage Loans or Contracts.....48

DESCRIPTION OF CREDIT ENHANCEMENT...51

General.....51
Letters of Credit.....52
Subordination.....53
Overcollateralization.....55
Mortgage Pool Insurance Policies.....55
Special Hazard Insurance Policies.....57
Mortgage Insurance Policies...57
Bankruptcy Bonds.....58
Reserve Funds.....58
Certificate Insurance Policies; Surety Bonds.....59
Maintenance of Credit Enhancement.....59
Reduction or Substitution of Credit Enhancement...60

OTHER FINANCIAL OBLIGATIONS RELATED TO THE CERTIFICATE.....60

Swaps and Yield Supplement Agreements.....60
Purchase Obligations.....61

INSURANCE POLICIES ON MORTGAGE LOANS OR CONTRACTS.....61

Primary Insurance Policies....61
Standard Hazard Insurance on Mortgaged Properties.....64
Standard Hazard Insurance on Manufactured Homes.....65

THE DEPOSITOR.....65

RESIDENTIAL FUNDING CORPORATION.....66

THE POOLING AND SERVICING AGREEMENT.66

Servicing Compensation and Payment of Expenses.....66
Evidence as to Compliance.....67
Certain Other Matters Regarding Servicing.....68
Events of Default.....68
Rights Upon Event of Default..69
Amendment.....70
Termination; Retirement of Certificates.....71
The Trustee.....72

YIELD CONSIDERATIONS.....72

MATURITY AND PREPAYMENT CONSIDERATIONS.....76

CERTAIN LEGAL ASPECTS OF MORTGAGE LOANS AND CONTRACTS...80

The Mortgage Loans.....80
The Contracts.....91
Environmental Legislation.....94
Servicemembers Civil Relief Act.....95
Default Interest and Limitations on Prepayments.....96
Forfeitures in Drug and RICO Proceedings.....97

MATERIAL FEDERAL INCOME TAX CONSEQUENCES.....97

General.....97
Opinions.....98
REMICs.....99

STATE AND OTHER TAX CONSEQUENCES...118

ERISA CONSIDERATIONS.....119

ERISA Plan Asset Regulations.119
Prohibited Transaction Exemptions...120
Insurance Company General Accounts...126
Representations From Investing ERISA Plans...126
Tax-Exempt Investors; REMIC Residual Certificates...127
Consultation With Counsel...127

LEGAL INVESTMENT MATTERS...128

USE OF PROCEEDS...130

METHODS OF DISTRIBUTION...130

LEGAL MATTERS...132

ADDITIONAL INFORMATION...132

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE...132

GLOSSARY...133

SUBJECT TO COMPLETION, DATED [_____], 2006

FORM OF PROSPECTUS SUPPLEMENT

Prospectus supplement dated [date] (to prospectus dated [date, 2005])

$[_____]

RALI Series [____]-QS[_] Trust
Issuing Entity
Residential Accredit Loans, Inc.
Depositor
Residential Funding Corporation
Master Servicer and Sponsor
Mortgage Asset-Backed Pass-Through Certificates, Series [____]-QS[_]

The trust will hold a pool of one- to four-family residential first lien mortgage loans.

The trust will issue these classes of certificates that are offered under this prospectus supplement:

- 7 classes of senior certificates designated Class A-1, Class A-2, Class A-3, Class A-4, Class A-P, Class A-V and Class R Certificates, and
- 3 classes of subordinated certificates designated Class M-1, Class M-2 and Class M-3 Certificates,

all as more fully described in the table on page S-[___] of this prospectus supplement.

Credit enhancement for all of these certificates will be provided by additional classes of subordinated certificates which are not offered hereby.

Distributions on the certificates will be on the 25th of each month or, if the 25th is not a business day, on the next business day, beginning [____] 25, 200[__].

You should consider carefully the risk factors beginning on page S-[__] in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the offered certificates or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense. The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Corporation, as the sponsor, or any of their affiliates.

Information contained herein is subject to completion or amendment. A

registration statement relating to these securities has been filed with the Securities and Exchange Commission. This prospectus will not constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of the offered certificates in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such State.

[_____], as underwriters, will purchase all [but two] classes of the [senior] certificates from the depositor in the amounts described in "Method of Distribution" on page S-[__] of this prospectus supplement. The certificates are offered by the issuing entity through [_____] to prospective purchasers from time to time in negotiated transactions at varying prices to be determined at the time of sale. The net proceeds to the depositor from the sale of these underwritten certificates will be approximately [_____] of the certificate principal balance of these underwritten certificates plus accrued interest, before deducting expenses. There is no underwriting arrangement for the remaining [two] classes of senior certificates.

[Underwriters]

Important notice about information presented in this prospectus supplement and the prospectus

We provide information to you about the offered certificates in two separate documents that provide progressively more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your series of certificates; and
- this prospectus supplement, which describes the specific terms of your series of certificates.

The depositor's principal offices are located at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437 and its telephone number is (952) 857-7000.

TABLE OF CONTENTS

Page

SUMMARY.....S-4
RISK FACTORS.....S-15
RISK OF LOSS.....S-15
[NEGATIVE AMORTIZATION LOANS AND DEFERRED INTEREST.....S-18
[HIGH LTV LOANS WITHOUT MORTGAGE INSURANCE.....S-19
[RISKS RELATING TO PRIMARY MORTGAGE INSURERS.....S-20
[RISKS RELATING TO COOPERATIVE LOANS].....S-20
[RISKS RELATING TO LOANS SECURED BY MANUFACTURED HOUSING].....S-21
LIMITED OBLIGATIONS.....S-22
LIQUIDITY RISKS.....S-23
BANKRUPTCY RISKS.....S-23
THE BANKRUPTCY OF A BORROWER MAY INCREASE THE RISK OF LOSS ON A MORTGAGE LOAN.....S-23
SPECIAL YIELD AND PREPAYMENT CONSIDERATIONS.....S-24
ISSUING ENTITY.....S-29
SPONSOR AND MASTER SERVICER.....S-29
DESCRIPTION OF UNAFFILIATED SELLERS.....S-34
AFFILIATIONS AMONG TRANSACTION PARTIES.....S-35
DESCRIPTION OF THE MORTGAGE POOL.....S-35
GENERAL.....S-35
MORTGAGE POOL CHARACTERISTICS...S-36
STATIC POOL INFORMATION.....S-43
PRIMARY MORTGAGE INSURANCE AND STANDARD HAZARD INSURANCE.....S-44
THE PROGRAM.....S-44
UNDERWRITING STANDARDS.....S-45
ORIGINATORS.....S-46
ADDITIONAL INFORMATION.....S-46
DESCRIPTION OF THE CERTIFICATES.....S-47
GENERAL.....S-47
GLOSSARY OF TERMS.....S-48
INTEREST DISTRIBUTIONS.....S-55
PRINCIPAL DISTRIBUTIONS ON THE SENIOR CERTIFICATES.....S-56
PRINCIPAL DISTRIBUTIONS ON THE

CLASS M CERTIFICATES.....S-58
ALLOCATION OF LOSSES;
SUBORDINATION.....S-59
ADVANCES.....S-63
RESIDUAL INTERESTS.....S-64
[THE YIELD MAINTENANCE
AGREEMENT.....S-64
CERTAIN YIELD AND PREPAYMENT
CONSIDERATIONS.....S-65
GENERAL.....S-65
PREPAYMENT CONSIDERATIONS.....S-65
ALLOCATION OF PRINCIPAL
PAYMENTS.....S-66
REALIZED LOSSES AND INTEREST
SHORTFALLS.....S-67
PASS-THROUGH RATES.....S-69
PURCHASE PRICE.....S-69
ASSUMED FINAL DISTRIBUTION
DATE.....S-70
WEIGHTED AVERAGE LIFE.....S-70
PRINCIPAL ONLY CERTIFICATE AND
VARIABLE STRIP CERTIFICATE
YIELD CONSIDERATIONS.....S-74
CLASS M-2 AND CLASS M-3
CERTIFICATE YIELD
CONSIDERATIONS.....S-75
ADDITIONAL YIELD CONSIDERATIONS
APPLICABLE SOLELY TO THE
RESIDUAL CERTIFICATES.....S-78
POOLING AND SERVICING
AGREEMENT.....S-78
GENERAL.....S-78
CUSTODIAL ARRANGEMENTS.....S-79
THE MASTER SERVICER AND
SUBSERVICERS.....S-79
SERVICING AND OTHER
COMPENSATION AND PAYMENT OF
EXPENSES.....S-81
REPORTS TO CERTIFICATEHOLDERS...S-82
VOTING RIGHTS.....S-82
TERMINATION.....S-82
THE TRUSTEE.....S-83
LEGAL PROCEEDINGS.....S-84
MATERIAL FEDERAL INCOME TAX
CONSEQUENCES.....S-84
SPECIAL TAX CONSIDERATIONS
APPLICABLE TO RESIDUAL
CERTIFICATES.....S-86
TAX RETURN DISCLOSURE AND
INVESTOR LIST REQUIREMENTS.....S-87
[SAMPLE DISCLOSURE FOR
ALTERNATIVE TAX STRUCTURES.....S-88
METHOD OF DISTRIBUTION.....S-89
USE OF PROCEEDS.....S-91
LEGAL OPINIONS.....S-91
RATINGS.....S-91
LEGAL INVESTMENT.....S-92
ERISA CONSIDERATIONS.....S-92

SUMMARY

The following summary provides a brief description of material aspects of this offering, and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the offered certificates, you should read carefully this entire document and the prospectus.

Issuing entity.....	RALI Series [____]-QS[_] Trust.
Title of securities.....	Mortgage Asset-Backed Pass-Through Certificates, Series [____]-QS[_].
Depositor.....	Residential Accredit Loans, Inc., an affiliate of Residential Funding Corporation.
Master servicer and sponsor..	Residential Funding Corporation.
Subservicers.....	Homecomings Financial Network, Inc., a wholly-owned subsidiary of Residential Funding Corporation, will subservice approximately ___% by principal amount of the mortgage loans. [Identify any other subservicers that will service 10% or more of the pool assets.]
Trustee.....	[Name of Trustee].
Originators.....	[Identify any Originators or group of Originators (other than Sponsor and affiliates of Sponsor) that originated 10% or more of the pool assets]
[Yield maintenance agreement provider.....	[_____, the "Yield Maintenance Provider")]
Mortgage pool.....	[_____] [fixed rate] [adjustable rate] mortgage loans with an aggregate principal balance of approximately $[_____] as of the cut-off date, secured by first liens on one- to

four-family residential properties.

Cut-off date..... [date].

Closing date..... On or about [_____] 25, 200[_].

Distribution dates..... Beginning on [_____] 25, 200[_] and thereafter on the 25th of each month or, if the 25th is not a business day, on the next business day.

Scheduled final distribution date..... [_____] 25, 20[__]. The actual final distribution date could be substantially earlier. See "Certain Yield and Prepayment Considerations" in this prospectus supplement.

Form of certificates..... Book-entry: Class A-1 through Class A-4, Class A-P, Class A-V and Class M Certificates.

Physical: Class R Certificates.

See "Description of the Certificates-Book-Entry Registration of Certain of the Offered Certificates" in this prospectus supplement.

Minimum denominations..... Class A-1 through Class A-4, Class A-P and Class M-1 Certificates: $25,000. Class A-V Certificates: $2,000,000 notional amount. Class M-2 and Class M-3 Certificates: $250,000. Class R Certificates: 20% percentage interests.

Legal investment..... When issued, the Class A, Class R and Class M-1 Certificates will, and the Class M-2 and Class M-3 Certificates will not, be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, or SMMEA.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus.

ERISA Considerations..... Subject to the considerations described in this prospectus supplement, the Class A Certificates and Class M Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts. Sales of the Class R Certificates to such plans or retirement accounts are prohibited, except as permitted under "ERISA Considerations" in this prospectus supplement.

See "ERISA Considerations" in this prospectus supplement and the prospectus.

	Offered Certificates			
Class	Initial Principal Balance	Pass-Through Rate	Initial Rating (S&P/Fitch)(1)	Designation
Senior Certificates:				
A-1	$ [_____]	[____]%	AAA/AAA	Senior/Fixed Rate
A-2	$ [_____]	[____]%	AAA/AAA	Senior/Super Senior/Fixed Rate
A-3	$ [_____]	[____]%	AAA/AAA	Senior/ Lockout/Fixed Rate
A-4	$ [_____]	[____]%	AAA/AAA	Senior/Lockout/Senior Support/Fixed Rate
A-P	$ [_____]	[____]%	AAA/AAA	Senior/Principal Only
A-V	$ [_____]	Variable Rate	AAA/AAA	Senior/Interest Only/Variable Rate
Total Class A Certificates:	$ [_____]			
Class R Certificates:				
R	$ [_____]	[____]%	AAA/AAA	Senior/Residual/Fixed Rate

Total senior certificates:	$	[_____]			
Class M Certificates:					
M-1	$	[_____]	[____]%	AA/NA	Mezzanine/Fixed Rate
M-2	$	[_____]	[____]%	A/NA	Mezzanine/Fixed Rate
M-3	$	[_____]	[____]%	BBB/NA	Mezzanine/Fixed Rate
Total Class M Certificates:	$	[_____]			
Total offered certificates:	$	[_____]			

Non-Offered Certificates (2)

Class B Certificates:					
B-1	$	[_____]	[____]%	BB/NA	Subordinate/Fixed Rate
B-2	$	[_____]	[____]%	B/NA	Subordinate/Fixed Rate
B-3	$	[_____]	[____]%	NA/NA	Subordinate/Fixed Rate
Total Class B Certificates:	$	[_____]			
Total offered and non-offered certificates:	$	[_____]			

(1) See "Ratings" in this prospectus supplement.
(2) The information presented for non-offered certificates is provided solely to assist your understanding of the offered certificates.

Other Information:

The aggregate initial certificate principal balance of the offered and non-offered certificates shown above may not equal the sum of the certificate principal balances of those certificates as listed above due to rounding. Only the offered certificates are offered for sale pursuant to the prospectus supplement and the related prospectus. The non-offered certificates will be sold by the depositor in a transaction exempt from registration under the Securities Act of 1933.

Class A-V Certificates:

Variable Rate: The interest rate payable with respect to the Class A-V Certificates varies according to the weighted average of the excess of the mortgage rate on each mortgage loan, net of the applicable servicing fee rate and subservicing fee rate, over [fill in fixed amount]%. On each monthly distribution date, holders of Class A-V Certificates will be entitled to receive interest at a rate equal to the current weighted average of the mortgage rates on the mortgage loans minus the applicable servicing fee rate, subservicing fee rate and [fill in fixed amount]%, provided that the interest rate will not be less than zero.

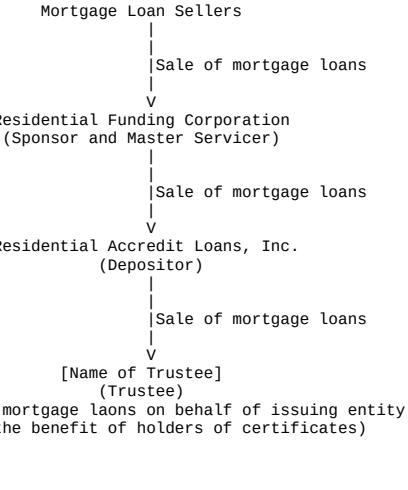
The Class A-V Certificates do not have a principal balance. For the purpose of calculating interest payments, interest will accrue on a notional amount equal to the aggregate stated principal balance of the mortgage loans, which is initially equal to approximately $[_____]. The stated principal balance of any mortgage loan as of any

date is equal to its scheduled principal balance as of the cut-off date, reduced by all principal payments received with respect to such loan that have been previously distributed to certificateholders and any losses realized with respect to such loan that have been previously allocated to certificateholders. In addition, if a mortgage loan has been modified the stated principal balance would be increased by the amount of any interest or other amounts owing on the mortgage loan that have been capitalized in connection with such modification.

TRANSFER OF MORTGAGE LOANS

The diagram below illustrates the sequence of transfers of the mortgage loans that are included in the mortgage pool. Various loan sellers will, on

or prior to the closing date, sell the mortgage loans to Residential Funding Corporation, as sponsor. Residential Funding Corporation will, simultaneously with the closing of the transaction described herein, sell the mortgage loans to Residential Accredit Loans, Inc., as the depositor. The depositor will then transfer the mortgage loans to the trustee, on behalf of the trust that is the issuing entity. The trustee will accordingly own the mortgage loans for the benefit of the holders of the certificates. See "Pooling and Servicing Agreement - The Trustee" in this prospectus supplement in the prospectus. For a description of the affiliations among various transaction parties, see "Affiliations Among Transaction Parties" in this prospectus supplement.



The Trust

The depositor will establish a trust with respect to the Series [____]-QS[_] Certificates under a series supplement, dated as of [____], to the standard terms of pooling and servicing agreement, dated as of [_____], among the depositor, the master servicer and the trustee. On the closing date, the depositor will deposit the pool of mortgage loans described in this prospectus supplement into the trust. Each certificate will represent a partial ownership interest in the trust.

The Mortgage Pool

The mortgage loans to be deposited into the trust have the following characteristics as of the cut-off date, after deducting payments due during the month of the cut-off date:

	Range		Weighted Average
Principal balance	$[_____]	to	$[_____]*
	$[_____]		
Mortgage rate	[_____]%	to	[_____]%
	[_____]%		
Remaining term to maturity (months)	[___] to [___]		[_____]

*Indicates average principal balance.

The following tables describe certain characteristics of the mortgage loans included in the trust as of the cut-off date:

Types of Interest Rates [Include as applicable]	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Fixed rate loans			
Adjustable-rate loans			
Total.....			100.00%

Loan Purpose [Include as applicable]	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Purchase.....			
Rate/Term Refinance.....			
Equity Refinance.....			
Total.....			100.00%

Loan Documentation [Include as applicable]	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Full/Alternate Documentation.			
Reduced Documentation.....			

No Stated Income.....
No Income/No Asset
Verification.....
Total..... 100.00%

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The properties securing the mortgage loans include single-family detached properties, properties in planned unit developments, two-to-four family units, condominiums, townhouses and condotels.

Generally, the mortgage loans were originated using less stringent underwriting standards than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc.

The securities described on the table on page [S-__] are the only securities backed by this mortgage pool that will be issued.

For additional information regarding the mortgage pool see "Description of the Mortgage Pool" in this prospectus supplement.

Servicing

Residential Funding Corporation will master service the mortgage loans, as more fully described under "Pooling and Servicing Agreement" herein.

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan prior to payments to certificateholders. The servicing fees relating to each mortgage loan will be at least [0.28]% per annum and not more than [0.33]% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately [___]% per annum. The servicing fees consist of (a) servicing fees payable to the master servicer, which are payable with respect to each mortgage loan at a rate of either 0.03% or 0.08% per annum, depending on the type of mortgage loan, and (b) subservicing fees payable to the subservicer, which are payable with respect to each mortgage loan at a rate of 0.25% per annum, and other related compensation payable to the subservicer, including [any payment due to prepayment charges on the related mortgage loans and] such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

Repurchases or Substitutions of Mortgage Loans

If Residential Funding Corporation cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to a mortgage loan within 90 days after notice from the trustee or servicer, and the breach materially and adversely affects the interests of the certificateholders in the mortgage loan, Residential Funding Corporation will be obligated to purchase the mortgage loan at a price equal to its principal balance as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount payable in respect of servicing compensation.

Likewise, as described under "Description of the Certificates-Review of Mortgage Loan or Contract Documents" in the prospectus, if Residential Funding Corporation cannot cure certain documentary defects with respect to a mortgage loan, Residential Funding Corporation will be required to repurchase the related mortgage loan.

In addition, Residential Funding Corporation may substitute a new mortgage loan for a deleted mortgage loan that is removed from the trust within two years after the closing date if it delivers an opinion of counsel with respect to certain tax matters. Any substitute mortgage loan will be required to satisfy certain conditions regarding its outstanding principal balance, mortgage rate, loan-to-value ratio and remaining term to maturity, as described more fully under "The Trusts - Limited Right of Substitution" in the prospectus. See also "The Trusts-Repurchases of Mortgage Collateral" in the prospectus.

Distributions on the Offered Certificates

Amount available for monthly distribution. On each monthly distribution date, the trustee will make distributions to investors. The amount available for distribution will include:

- collections of monthly payments on the mortgage loans, including prepayments and other unscheduled collections plus

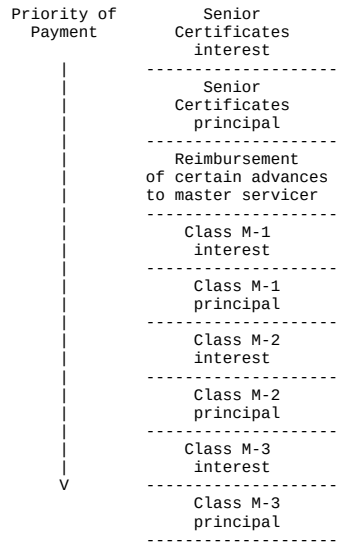
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- advances for delinquent payments that are deemed recoverable by the Master Servicer minus

- the fees and expenses of the subservicers and the master servicer, including reimbursement for advances.

Priority of distributions. Distributions on the offered certificates will be made from available amounts as described in this prospectus supplement as follows:

Priority of Distributions



Interest distributions. The amount of interest accrued on each class of interest-bearing certificates on each distribution date will equal:

- the pass-through rate for that class of certificates multiplied by
- the certificate principal balance or notional amount of that class of certificates as of the day immediately prior to the related distribution date multiplied by
- 1/12th minus
- the share of some types of interest shortfalls allocated to that class, such as prepayment interest shortfalls, the interest portion of realized losses not allocated through subordination and the interest portion of any advances made with respect to delinquencies that were ultimately determined to be hazard losses, fraud losses or bankruptcy losses in excess of specified amounts or extraordinary losses, as described more fully in the definition of "Accrued Certificate Interest" in "Description of the Certificates - Glossary of Terms" in this prospectus supplement.

See "Description of the Certificates-Interest Distributions" in this prospectus supplement.

Allocations of principal. Principal distributions on the certificates will be allocated among the various classes of offered certificates as described in this prospectus supplement. Until the distribution date in [_____], all principal prepayments on the mortgage loans will be distributed among the senior certificates, other than the Class A-V Certificates, unless the senior certificates entitled to principal distributions, other than the Class A-P Certificates, are no longer outstanding. In addition, until the distribution date in [_____], the Class A-3 Certificates and Class A-4 Certificates are not expected to receive any principal payments on the mortgage loans and on or after the distribution date in [_____] but before the

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distribution date in [_____], the Class A-3 Certificates and Class A-4 Certificates will receive less than a pro rata share of principal payments on the mortgage loans, unless the other senior certificates entitled to principal distributions, or the Class M Certificates and Class B Certificates, are no longer outstanding. Whether a specific class of senior certificates will receive all principal prepayments after the distribution date in [_____] will be a function of the rate of prepayments and losses actually experienced by the mortgage loans. Not all outstanding senior certificates will receive principal on each distribution date. The Class A-P Certificates receive only a portion of the principal received from each mortgage loan that has a net mortgage rate of less than [___]%. The Class A-V Certificates are not entitled to receive any principal distributions.

See "Description of the Certificates-Principal Distributions on the Senior Certificates" and "-Principal Distributions on the Class M Certificates" in this prospectus supplement.

Credit Enhancement

Allocation of losses. Except for the three exceptions described below, losses on the mortgage loans will be allocated in full to the first class listed below with a certificate principal balance greater than zero:

- Class B-3

o Class B-2

o Class B-1

o Class M-3

o Class M-2

o Class M-1

When this occurs, the certificate principal balance of the class to which the loss is allocated is reduced, without a corresponding payment of principal.

If the aggregate certificate principal balance of the Class M Certificates and Class B Certificates has been reduced to zero, losses on the mortgage loans will be allocated proportionately among the senior certificates, subject to the exceptions described below.

Not all losses will be allocated in the priority described above. Losses due to natural disasters such as floods and earthquakes, fraud by a mortgagor, or some losses related to the bankruptcy of a mortgagor will be allocated as described above only up to specified amounts. Losses of these types in excess of the specified amounts and losses due to other extraordinary events will be allocated proportionately among all outstanding classes of certificates except as described below for the Class A-P Certificate. Therefore, the Class M Certificates and Class B Certificates do not act as credit enhancement for the senior certificates for these types of losses.

In addition, losses otherwise allocated to the Class A-2 Certificates will be allocated to the Class A-4 Certificates as long as the Class A-4 Certificates remain outstanding.

Special loss allocation for Class A-P Certificates. Whenever losses are allocated to the senior certificates, the Class A-P Certificates will share in the loss only if the related mortgage loan had a net mortgage rate less than [____]%. In that case, the Class A-P Certificates will bear a share of the loss equal to their percentage interest in the principal of that mortgage loan.

See "Description of the Certificates-Allocation of Losses; Subordination" in this prospectus supplement.

Priority of distributions. All principal prepayments and other unscheduled payments of principal will be allocated to the senior certificates as described in this prospectus supplement during the first nine years after the closing date. This provides additional credit enhancement for the senior certificates by reserving a greater portion of the certificate principal balances of the Class M Certificates and Class B Certificates for absorption of losses, thereby decreasing the likelihood of losses being allocated to the senior certificates.

[Yield Maintenance Agreement

The holders of the offered certificates may benefit from a series of interest rate cap payments from [_____] pursuant to a yield maintenance agreement as described in this prospectus supplement. The yield maintenance agreement is intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR plus the related margin and the weighted average net mortgage rate of the mortgage loans as described in this prospectus supplement. The yield maintenance agreement will terminate after the distribution date in [_____].

See "The Yield Maintenance Agreement Provider" and "Description of the Certificates-The Yield Maintenance Agreement" in this prospectus supplement.]

Advances

For any month, if the master servicer does not receive the full scheduled payment on a mortgage loan, the master servicer will advance funds to cover the amount of the scheduled payment that was not made. However, the master servicer will advance funds only if it determines that the advance will be recoverable from future payments or collections on that mortgage loan.

See "Description of the Certificates-Advances" in this prospectus supplement.

Optional Termination

On any distribution date on which the aggregate outstanding principal balance of the mortgage loans as of the related determination date is less than 10% of their aggregate stated principal balance as of the cut-off date, the master servicer may, but will not be required to:

o purchase from the trust all of the remaining mortgage loans, causing an early retirement of the certificates; or

o purchase all of the certificates.

Under either type of optional purchase, holders of the outstanding certificates are entitled to receive the outstanding certificate principal balance of the certificates in full with accrued interest as described in this prospectus supplement. However, any optional purchase of the remaining mortgage loans may result in a shortfall to the holders of the most subordinate classes of certificates outstanding, if the trust then holds properties acquired from foreclosing upon defaulted loans. In either case, there will be no reimbursement of losses or interest shortfalls allocated to the certificates.

See "Pooling and Servicing Agreement-Termination" in this prospectus supplement and "The Pooling and Servicing Agreement-Termination; Retirement

of Certificates" in the prospectus.

Ratings

When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-__ of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled. A security rating is not a recommendation to buy, sell or hold a security and may be changed or withdrawn at any time by the assigning rating agency. The ratings also do not address the rate of principal prepayments on the mortgage loans. For example, the rate of prepayments, if different than originally anticipated, could adversely affect the yields realized by holders of the offered certificates or cause holders of the Class A-V Certificates to fail to fully recover their initial investments. [In addition, the ratings do not address the likelihood of the receipt of any amounts under the yield maintenance agreement.]

See "Ratings" in this prospectus supplement.

Legal Investment

When issued, the Class A, Class R and Class M-1 Certificates will, and the Class M-2 and Class M-3 Certificates will not, be "mortgage related securities" for purposes of SMMEA. You should consult your legal advisors in determining whether and to what extent the offered certificates constitute legal investments for you.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus for important information concerning possible restrictions on ownership of the offered certificates by regulated institutions.

ERISA Considerations

Subject to the considerations described in "ERISA Considerations" in this prospectus supplement, the Class A Certificates and Class M Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts. Sales of the Class R Certificates to such plans or retirement accounts are prohibited, except as permitted under "ERISA Considerations" in this prospectus supplement.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Tax Status

For federal income tax purposes, the depositor will elect to treat the trust as a real estate mortgage investment conduit[, coupled with an interest in a yield maintenance agreement]. The certificates, other than the Class R Certificates, will represent ownership of regular interests in the real estate mortgage investment conduit and will be treated as representing ownership of debt for federal income tax purposes. You will be required to include in income all interest and original issue discount, if any, on such certificates in accordance with the accrual method of accounting regardless of your usual methods of accounting. For federal income tax purposes, the Class R Certificates will be the sole residual interest in the real estate mortgage investment conduit.

For further information regarding the federal income tax consequences of investing in the offered certificates, including important information regarding the tax treatment of the Class R Certificates, see "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

Risk Factors

The offered certificates are not suitable investments for all investors. In particular, you should not purchase any class of offered certificates unless you understand the prepayment, credit, liquidity and market risks associated with that class.

The offered certificates are complex securities. You should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this prospectus supplement and the prospectus in the context of your financial situation and tolerance for risk.

You should carefully consider the following risk factors in connection with the purchase of the offered certificates:

Risk of Loss	
Underwriting standards may affect risk of loss on the mortgage loans.	Generally, the mortgage loans have been originated using underwriting standards that are less stringent than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. Applying less stringent underwriting standards creates additional risks that losses on the mortgage loans will be allocated to

certificateholders.
Examples include the following:

- mortgage loans secured by non-owner occupied properties, which constitute [___%] of the mortgage pool by principal balance, may present a greater risk that the borrower will stop making monthly payments if the borrower's financial condition deteriorates;
- mortgage loans with loan-to-value ratios greater than 80% (i.e., the amount of the loan at origination is 80% or more of the value of the mortgaged property), which constitute [___%] of the mortgage pool by principal balance, may increase the risk that the value of the mortgaged property will not be sufficient to satisfy the mortgage loan upon foreclosure;
- mortgage loans with loan-to-value ratios of greater than 80%, up to a maximum of 95% at origination [with no mortgage insurance], which constitute [___%] of the mortgage pool by principal balance, may increase the likelihood that the value of the mortgaged property would not be sufficient to satisfy the mortgage loan upon foreclosure unless the value of the mortgaged property increases;

- mortgage loans made to borrowers who have debt-to-income ratios greater than [____%] (i.e., the amount of debt service on the other debt of the borrower represents a large portion of his or her income), which constitute [___%] of the mortgage pool by principal balance, may result in a in a deterioration of the borrower's financial condition that could make it difficult for the borrower to continue to make mortgage payments;
- mortgage loans with graduated monthly payments, which are initially less than the amount necessary to fully amortize the mortgage loan but increase over time, which constitute [___%] of the mortgage pool by principal balance, may result in circumstances where increases in the borrower's income may not be sufficient to cover increases in the payment requirements; and
- mortgage loans made to borrowers whose income is not required to be disclosed or verified, which constitute [___%] of the mortgage pool by principal balance, may increase the risk that the borrower's income is less than that represented.

Some of the mortgage loans with loan-to-value ratios over 80% are insured by primary mortgage insurance to the extent described in this prospectus. However, if the insurer is unable to pay a claim, the amount of loss incurred on those loans may be increased.
In addition, in determining loan-to-value ratios for certain mortgage loans, the value of the related mortgaged property may be based on an appraisal that is up to 24 months old if there is a supporting broker's price opinion, automated valuation, drive-by appraisal or other certification of value. If such an appraisal does not reflect current market values and such market values have declined, the likelihood that proceeds from a sale of the mortgaged property may be insufficient to repay the mortgage loan is increased. See "The Trusts-Underwriting Policies" and "Certain Legal Aspects of Mortgage Loans and Contracts" in the prospectus.

The return on your certificates may be affected by losses on the mortgage loans, which could occur due to a variety of causes.

Losses on the mortgage loans may occur due to a wide variety of causes, including a decline in real estate values, and adverse changes in the borrower's financial condition. A decline in real estate values or economic conditions nationally or in the regions where the mortgaged properties are concentrated may increase the risk of losses on the mortgage loans.

The return on your certificates may be particularly sensitive to changes in real

One risk of investing in mortgage-backed securities is created by any concentration of the related properties in one or more geographic regions. Approximately [_____]% of the cut-off date

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principal balance of the

estate markets in specific regions.

mortgage loans are located in [_____]. If the regional economy or housing market weakens in [_____], or in any other region having a significant concentration of properties underlying the mortgage loans, the mortgage loans in that region may experience high rates of loss and delinquency, resulting in losses to certificateholders. A region's economic condition and housing market may also be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, floods and eruptions, civil disturbances such as riots, disruptions such as ongoing power outages, or terrorist actions or acts of war. [The economic impact of any of those events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The properties underlying the mortgage loans may be concentrated in these regions. This concentration may result in greater

losses to certificateholders than those generally present for similar mortgage-backed securities without that concentration.] [Concentrations material to an individual offering will be disclosed.]
See "Description of the Mortgage Pool-Mortgage Pool Characteristics" in this prospectus supplement.

The return on your certificates will be reduced if losses exceed the credit enhancement available to your certificates.

The only credit enhancement for the senior certificates will be the subordination provided by the Class M Certificates and Class B Certificates (and with respect to the Class A-2 Certificates, the subordination provided by the Class A-4 Certificates). The only credit enhancement for the Class M Certificates will be the subordination provided by the Class B Certificates and by any class of Class M Certificates with a lower payment priority. You should also be aware that the credit enhancement provided for some types of losses is limited.
See "Summary-Credit Enhancement" and "Description of the Certificates-Allocation of Losses; Subordination" in this prospectus supplement.

The value of your certificates may be reduced if losses are higher than expected.

If the performance of the mortgage loans is substantially worse than assumed by the rating agencies, the ratings of any class of the certificates may be lowered in the future. This would probably reduce the value of those certificates. None of the depositor, the master servicer or any other entity will have any obligation to supplement any credit enhancement, or to take any other action to maintain any rating of the certificates.

[Rising interest rates may adversely affect the value of your certificates.

The mortgage loans are adjustable rate mortgage loans whose interest rates increase as the applicable index increases. If market interest rates increase significantly, the likelihood that borrowers may not be able to pay their increased interest payments would increase, resulting in greater defaults on the mortgage loans. In

addition, rising interest rates may adversely affect housing prices and the economy generally, thereby increasing the likelihood of defaults and losses on the mortgage loans.]

[Negative Amortization Loans and Deferred Interest

The yield on and weighted average lives of the certificates will be subject to negative amortization on the mortgage loans

The interest rates on the mortgage loans adjust monthly, after an initial fixed rate period of one month, but their minimum monthly payments adjust annually, subject to maximum interest rates, payments caps and other limitations. The initial interest rates on most of the mortgage loans are lower than the sum of the index applicable at origination and the related gross margin and, for [__]% of the mortgage loans are not more than [___]% per annum and in no case exceed [___]% per annum. During a period of rising interest rates, particularly prior to the first payment adjustment date, the amount of interest accruing on the principal balance of the mortgage loans may exceed the amount of the minimum monthly payment. As a result, a portion of the accrued interest on any mortgage loan may not be paid. That portion of accrued interest will become deferred interest that will be added to the principal balance of the related mortgage loan.
The amount of deferred interest, if any, with respect to mortgage loans for a given month will reduce the amount of interest collected on these mortgage loans that is available for distributions of interest on the certificates. The resulting reduction in interest collections on the mortgage loans will be offset, in part or in whole, by applying unscheduled payments of principal received on the mortgage loans to interest distributions on the certificates. For any distribution date, the remaining deferred interest, or net deferred interest, on the mortgage loans will be allocated to each class of certificates based upon their respective interest entitlements (before giving effect to the allocation of net deferred interest) and will be deducted from the interest payable to the certificates as described in "Description of the Certificates-Interest Distributions" in this prospectus supplement. The amount of the reduction of accrued interest distributable to each class of certificates attributable to net deferred interest will be added to the certificate principal balance of that class. Any such allocation of net deferred interest could, as a result, affect the weighted average life of the affected class of certificates. Only the amount by which unscheduled payments of principal received on the mortgage loans exceeds the amount of deferred interest on the mortgage loans and scheduled payments of principal will be distributed as a principal distribution on the certificates. The increase in the certificate principal balance of any class of certificates may increase the period of time during which the applicable class of certificates

	could absorb realized losses on the mortgage loans. We cannot predict the extent to which deferred interest will accrue on the mortgage loans, and therefore cannot predict the extent of the effect of the allocation of net deferred interest on the certificates.]
A transfer of master servicing in the event of a master servicer default may increase the risk of payment application errors	If the master servicer defaults in its obligations under the pooling and servicing agreement, the master servicing of the mortgage loans may be transferred to the trustee or an alternate master servicer, as described under "The Pooling and Servicing Agreement - Rights Upon Event of Default" in the prospectus. In the event of such a transfer of master servicing there may be an increased risk of errors in applying payments from borrowers or in transmitting information and funds to the successor master servicer.
[High LTV Loans Without Mortgage Insurance The mortgage pool includes certain loans that may be subject to a higher risk of loss	[_____] mortgage loans representing approximately [___]% of the aggregate principal balance of the mortgage loans as of the cut-off date have an LTV ratio at origination in excess of 80% but are not insured by a primary mortgage insurance policy. Although primary mortgage insurance policy is generally required for mortgage loans with an LTV ratio in excess of 80%, no such insurance was required for these loans under the applicable underwriting criteria. The likelihood that the value of the related mortgaged property would not be sufficient to satisfy the mortgage loan upon foreclosure is greater for these types of loans, resulting in a higher likelihood of losses with respect to these types of loans.]

[Risks Relating to Primary Mortgage Insurers You may incur losses if a primary mortgage insurer fails to make payments under a primary mortgage insurance policy	[_____] mortgage loans representing approximately [___]% of the aggregate principal balance of the mortgage loans as of the cut-off date have an LTV ratio at origination in excess of 80% and are insured by a primary mortgage insurance policy issued by [insert names of primary mortgage insurers]. If such a mortgage loan were subject to a foreclosure and the value of the related mortgaged property were not sufficient to satisfy the mortgage loan, payments under the primary mortgage insurance policy would be required to avoid any losses, or to reduce the losses on, such a mortgage loan. If the insurer is unable or refuses to pay a claim, the amount of such losses would be allocated to holders of certificates as realized losses.]
[Risks Relating to Cooperative Loans] Cooperative loans have certain characteristics that may increase the risk of loss	[_____] mortgage loans representing approximately [___]% of the aggregate principal balance of the mortgage loans as of the cut-off date are not secured directly by real property but are cooperative loans. A cooperative loan is secured by a first lien on shares issued by the cooperative corporation that owns the related apartment building and on the related proprietary lease or occupancy agreement granting exclusive rights to occupy a specific unit within the cooperative. Cooperative loans have certain characteristics that may increase the likelihood of losses, [although historically the rate of losses on cooperative loans has been comparable to losses on non-cooperative mortgage loans]. The proprietary lease or occupancy agreement securing a cooperative loan is subordinate, in most cases, to any blanket mortgage on the related cooperative apartment building or on the underlying land. If the cooperative is unable to meet the payment obligations (i) arising under an underlying mortgage, the mortgagee holding an underlying mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements or (ii) arising under its land lease, the holder of the landlord's interest under the land lease could terminate it and all subordinate proprietary leases and occupancy agreements. Additionally, the proprietary lease or occupancy agreement may be terminated and the cooperative shares may be cancelled by the cooperative if the tenant-stockholder fails to pay maintenance or other

obligations or charges owed by the tenant-stockholder. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder. In the event of a foreclosure under a cooperative loan, the mortgagee will be subject to certain restrictions on its ability to transfer the collateral and the use of proceeds from any sale of collateral. See "Certain Legal Aspects of Mortgage Loans and Contracts-The Mortgage Loans-Cooperative Loans" in the prospectus.]

[Risks Relating to Loans Secured by Manufactured Housing]

Manufactured housing contracts have certain characteristics that may increase the likelihood of losses

[_____] mortgage loans representing approximately [___]% of the aggregate principal balance of the mortgage loans as of the cut-off date are contracts secured by manufactured homes.

Manufactured housing generally depreciates in value, regardless of its location. As a result, the market value of a manufactured home may decline faster than the outstanding principal balance of the contract related to that manufactured home. Therefore, amounts received upon the sale of any manufactured home repossessed by the servicer may be less than the outstanding amount of the related contract.

If losses on the contracts are not covered by the credit enhancement described herein, payments on certificates will be delayed and losses will be borne by the holders of the certificates.

Defects in security interests could result in losses

Each seller of contracts will represent and warrant to the sponsor that its transfer of the contracts sold by it to the sponsor, the sponsor will represent and warrant that its transfer of the contracts to the depositor and the depositor will represent and warrant that its transfer of the contracts to the trustee, is a sale of all of its right, title, and interest in and to those contracts.

The depositor will take steps under the UCC to perfect the trustee's interest in the contracts. The UCC, however, may not govern these transfers, and if some other action is required under applicable law and has not been taken, payments to you could be delayed or reduced.

Each seller of contracts will also represent and warrant to the sponsor that its transfer of the contracts sold by it to the sponsor, the sponsor will

represent and warrant that its transfer of the contracts to the depositor and the depositor will represent, warrant, and covenant that its transfer of the contracts to the trustee, is perfected and free and clear of the lien or interest of any other entity. If this is not true, the trustee's interest in the contracts could be impaired, and payments to you could be delayed or reduced. For instance,

- a prior or subsequent transferee of the contracts could have an interest in the contracts superior to the interest of the trustee;

- a tax, governmental, or other nonconsensual lien that attaches to the property of an originator, the seller or the depositor could have priority over the interest of the trustee in the contracts;

- the administrative expenses of a bankruptcy trustee for an originator, the seller or the depositor could be paid from collections on the contracts before holders of the certificates receive any payments; and

- if bankruptcy proceedings were commenced by or against an originator, the seller or the depositor, or if certain time periods were to pass, the trustee may lose its perfected interest in collections on the contracts.

Limited Obligations

Payments on the mortgage loans are the primary source of payments on your certificates.

The certificates represent interests only in the RALI Series [____]-QS[_] Trust. The certificates do not represent an ownership interest in or obligation of the depositor, the master servicer or any of their affiliates. If proceeds from the assets of the RALI Series [____]-QS[_] Trust are not sufficient to make all payments provided for under the pooling and servicing agreement, investors will have no recourse to the depositor, the master servicer or any other entity, and will incur losses.

Liquidity Risks	
You may have to hold your certificates to maturity if their marketability is limited.	A secondary market for your certificates may not develop. Even if a secondary market does develop, it may not continue or it may be illiquid. Neither the underwriters nor any other person will have any obligation to make a secondary market in your certificates. Illiquidity means you may not be able to find a buyer to buy your securities readily or at prices that will enable you to realize a desired yield. Illiquidity can have a severe adverse effect on the market value of your certificates. Any class of offered certificates may experience illiquidity, although generally illiquidity is more likely for classes that are especially sensitive to prepayment, such as the Class A-P Certificates and the Class A-V Certificates, or credit risk, such as the Class M Certificates or that have been structured to meet the investment requirements of limited categories of investors.
Bankruptcy Risks	
Bankruptcy proceedings could delay or reduce distributions on the certificates.	The transfer of the mortgage loans from Residential Funding Corporation, or Residential Funding, to the depositor is intended by the parties to be and has been documented as a sale. However, if Residential Funding were to become bankrupt, a trustee in bankruptcy could attempt to recharacterize the sale of the mortgage loans as a loan secured by the mortgage loans or to consolidate the mortgage loans with the assets of Residential Funding. Any such attempt could result in a delay in or reduction of collections on the mortgage loans available to make payments on the certificates.
The Bankruptcy of a Borrower May Increase the Risk of Loss on a Mortgage Loan	If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a mortgage loan without a permanent forgiveness of the principal amount of the mortgage loan. Modifications have included reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. In addition, under

	the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.
Special Yield and Prepayment Considerations	
The yield on your certificates will vary depending on the rate of prepayments.	The yield to maturity on each class of offered certificates will depend on a variety of factors, including: • the rate and timing of principal payments on the mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties; • the pass-through rate for that class; • interest shortfalls due to mortgagor prepayments; and • the purchase price of that class. The rate of prepayments is one of the most important and least predictable of these factors. No assurances are given that the mortgage loans will prepay at any particular rate. [In addition, the master servicer or servicer may purchase any mortgage loan or contract that is at least three months delinquent. Such repurchases would increase the prepayment rates on the mortgage loans.] In general, if you purchase a certificate at a price higher than its outstanding certificate principal balance and principal distributions on your certificate occur faster than you assumed at the time of purchase, your yield will be lower than you anticipated. Conversely, if you purchase a certificate at a price lower than its outstanding certificate principal balance and principal distributions on that class occur more slowly than you assumed at the time of purchase, your yield will be lower than you anticipated.
The rate of prepayments on the mortgage loans	Since mortgagors, in most cases, can prepay their mortgage loans at any time, the rate and timing of

will vary depending on future market conditions and other factors.	principal distributions on the offered certificates are highly uncertain. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans. This could result in a slower return of principal to you at a time when you might have been able to reinvest your funds at a higher rate of interest than the pass-through rate on your class of certificates. On the other hand, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. This could result in a faster return of principal to you at a

	time when you might not be able to reinvest your funds at an interest rate as high as the pass-through rate on your class of certificates. Refinancing programs, which may involve soliciting all or some of the mortgagors to refinance their mortgage loans, may increase the rate of prepayments on the mortgage loans. These refinancing programs may be offered by the master servicer, any subservicer or their affiliates, and may include streamlined documentation programs. Streamlined documentation programs involve less verification of underwriting information than traditional documentation programs. [___] of the mortgage loans, representing [___%] of the aggregate principal balance of the mortgage loans, were originated under streamlined documentation programs. See "Description of the Mortgage Pool-The Program" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Maturity and Prepayment Considerations" in the prospectus.
The return on your certificates could be reduced by shortfalls due to the Servicemembers Civil Relief Act.	The Servicemembers Civil Relief Act, formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940, or Relief Act, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. Current or future military operations of the United States may increase the number of borrowers who may be in active military service, including persons in reserve status who may be called to active duty. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Any resulting interest shortfalls are not required to be paid by the borrower at any future time. The master servicer is not required to advance these shortfalls as delinquent payments, and the shortfalls are not covered by any form of credit enhancement on the certificates. Interest shortfalls on the mortgage loans due to the application of the Relief Act or similar legislation or regulations will be applied to reduce accrued interest on each class of the certificates on a pro rata basis.

	The Relief Act also limits the ability of the servicer to foreclose on a mortgage loan during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the mortgage loans. Those delays and increased losses will be borne primarily by the class of certificates with a certificate principal balance greater than zero with the lowest payment priority. We do not know how many mortgage loans have been or may be affected by the application of the Relief Act or similar legislation or regulations. See the definition of Accrued Certificate Interest under "Description of the Certificates-Glossary of Terms" in this prospectus supplement and "Certain Legal Aspects of Mortgage Loans and Contracts-Servicemembers Civil Relief Act" in the prospectus.
The yield on your certificates will be affected by the specific terms that apply to that class, discussed below.	The offered certificates of each class have different yield considerations and different sensitivities to the rate and timing of principal distributions. The following is a general discussion of yield considerations and prepayment sensitivities of some classes of offered certificates. See "Yield and Prepayment Considerations" in this prospectus supplement.
Class A Certificates	The Class A Certificates, other than the Class A-V Certificates, are subject to various priorities for payment of principal. As more fully described below, principal payments received with respect to the mortgage loans will generally be distributed first to holders of the Class A-1 Certificates, until the principal balance thereof has been reduced to zero,

	then to holders of the Class A-2 Certificates, until the principal balance thereof has been reduced to zero, then to holders of the Class A-3 Certificates, until the principal balance thereof has been reduced to zero, and then to holders of the Class A-4 Certificates. Distributions of principal on the Class A Certificates entitled to principal distributions with an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of the mortgage pool. Those classes of Class A Certificates entitled to principal distributions with a later priority of payment will be affected by the rates of prepayment of the mortgage loans experienced both before and after the commencement of principal distributions on those classes, and will be more likely to be affected by

	losses on the mortgage loans not covered by the credit enhancement since these classes will be outstanding for a longer period of time. See "Description of the Certificates-Principal Distributions on the Senior Certificates" in this prospectus supplement.
Class A-3 Certificates and Class A-4 Certificates	It is expected that neither the Class A-3 Certificates nor the Class A-4 Certificates will receive any distributions of principal until the distribution date in [_____]. On or after the distribution date in [_____] but before the distribution date in [_____], the Class A-3 Certificates and the Class A-4 Certificates may receive a portion of principal payments that is smaller than a pro rata share of such principal payments. Accordingly, these classes of certificates are more likely to experience losses than the Class A-1 and Class A-2 Certificates.
Class A-4 Certificates	Investors in the Class A-4 Certificates should be aware that losses and other shortfalls on the mortgage loans otherwise allocable to the Class A-2 Certificates will be allocated to the Class A-4 Certificates as described in this prospectus supplement. Therefore, the yield to maturity on the Class A-4 Certificates will be extremely sensitive to losses otherwise allocable to the Class A-2 Certificates.
Class A-P Certificates	The Class A-P Certificates will receive a portion of the principal payments only on the mortgage loans that have net mortgage rates lower than [____]%. Therefore, the yield on the Class A-P Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates lower than [____]%. Mortgage loans with lower mortgage rates are less likely to be prepaid than mortgage loans with higher mortgage rates. If prepayments of principal on the mortgage loans that have net mortgage rates lower than [____]% occur at a rate slower than an investor assumed at the time of purchase, the investor's yield will be adversely affected.
Class A-V Certificates	The Class A-V Certificates will receive a portion of the interest payments only from mortgage loans that have net mortgage rates higher than [____]%. Therefore, the yield on the Class A-V Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates higher than [____]%.

	Mortgage loans with higher mortgage rates are more likely to be prepaid than mortgage loans with lower mortgage rates. If the mortgage loans that have net mortgage rates higher than [____]% are prepaid at a rate faster than an investor assumed at the time of purchase, the yield to investors in the Class A-V Certificates will be adversely affected. Investors in the Class A-V Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans that have net mortgage rates higher than [____]% could result in the failure of such investors to fully recover their investments.
Class M Certificates	The yield to investors in each class of the Class M Certificates will be sensitive to the rate and timing of losses on the mortgage loans, if those losses are not covered by a more subordinate class of Class M Certificates or the Class B Certificates. It is not expected that the Class M Certificates will receive any distributions of principal prepayments until the distribution date in [_____]. On or after that date, all or a disproportionately large portion of principal prepayments on the mortgage loans may be allocated to the senior certificates as described in this prospectus supplement, and none or a disproportionately small portion of principal

prepayments may be paid to the holders of the Class M Certificates and Class B Certificates. As a result, the weighted average lives of the Class M Certificates may be longer than would otherwise be the case. See "Summary--Credit Enhancement--Allocation of Losses" and "Description of the Certificates-Allocation of Losses; Subordination" in this prospectus supplement.

The recording of mortgages in the name of MERS may affect the yield on the certificates.

The mortgages or assignments of mortgage for many of the mortgage loans have been or may be recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns. Subsequent assignments of those mortgages are registered electronically through the MERS® System. However, if MERS discontinues the MERS® System and it becomes necessary to record an assignment of the mortgage to the trustee, then any related expenses shall be paid by the trust and will reduce the amount available to pay principal of and interest on the class or classes of certificates with certificate principal balances greater than zero with the lowest payment priorities.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. Public recording officers and others in the mortgage industry may have limited, if any, experience with lenders seeking to foreclose mortgages,

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assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to certificateholders and increase the amount of losses on the mortgage loans.

For additional information regarding MERS and the MERS® System, see "Description of the Mortgage Pool-Mortgage Pool Characteristics" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Description of the Certificates-Assignment of Mortgage Loans" in the prospectus.

Issuing Entity

The depositor will establish a trust with respect to Series [_____]-QS[_] on the closing date, under a series supplement, dated as of [date], to the standard terms of pooling and servicing agreement, dated as of [date], among the depositor, the master servicer and the trustee. The pooling and servicing agreement is governed by the laws of the State of New York. On the closing date, the depositor will deposit into the trust a pool of mortgage loans that in the aggregate will constitute a mortgage pool, secured by first liens on one- to four-family residential properties with terms to maturity of not more than 30 years. The trust will not have any additional equity. The pooling and servicing agreement authorizes the trust to engage only in selling the certificates in exchange for the mortgage loans, entering into and performing its obligations under the pooling and servicing agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the trust fund and making distributions to certificateholders.

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.

Some capitalized terms used in this prospectus supplement have the meanings given below under "Description of the Certificates-Glossary of Terms" or in the prospectus under "Glossary."

Sponsor and Master Servicer

Residential Funding Corporation, a Delaware corporation, buys residential mortgage loans under several loan purchase programs from mortgage loan originators or sellers nationwide, including affiliates, that meet its seller/servicer eligibility requirements and services mortgage loans for its own account and for others. See "The Trusts-Mortgage Collateral Sellers" and "-Qualifications of Sellers" for a general description of applicable seller/servicer eligibility requirements. Residential Funding Corporation's principal executive offices are located at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. Its telephone number is (952) 857-7000. Residential Funding Corporation conducts operations from its headquarters in Minneapolis and from offices located primarily in California, Texas, Maryland, Pennsylvania and New York. Residential Funding Corporation finances its operations primarily through its securitization program.

Residential Funding Corporation was founded in 1982 and began operations in 1986, acquiring, servicing and securitizing residential jumbo mortgage loans secured by first liens on one- to four-family residential properties. General Motors Acceptance Corporation purchased Residential Funding Corporation in 1990. In 1995, Residential Funding Corporation expanded its business to include "Alt-A" first lien mortgage loans, such as the mortgage loans described in this prospectus. Residential Funding Corporation also began to acquire and service both closed-end and revolving loans secured by second liens and subprime loans in 1995.

The following tables set forth the aggregate principal amount of publicly offered securitizations of mortgage loans sponsored by Residential Funding Corporation for the past five years. Residential Funding Corporation sponsored approximately $23.9 billion and $2.4 billion in initial aggregate principal amount of mortgage-backed securities in the 2001 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Corporation sponsored approximately $52.1 billion and $2.4 billion in initial aggregate principal amount of mortgage-backed securities in the 2005 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Sponsor Securitization Experience

First Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$16,387,846,100	$16,177,753,813	$18,964,072,062	$11,953,278,792	$24,149,038,614
Non-Prime Mortgages(2)	$7,566,949,253	$15,475,700,554	$27,931,235,627	$24,408,531,445	$27,928,496,334
Total	$23,954,795,353	$31,653,454,367	$46,895,307,689	$36,361,810,237	$52,077,534,948
Prime Mortgages(1)	68.41%	51.11%	40.44%	32.87%	46.37%
Non-Prime Mortgages(2)	31.59%	48.89%	59.56%	67.13%	53.63%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year (3)					
Prime Mortgages(1)	98.71%	(1.28)%	17.22%	(36.97)%	102.03%
Non-Prime Mortgages(2)	2.60%	104.52%	80.48%	12.61%	14.42%
Total Volume	53.34%	32.14%	48.15%	(22.46)%	43.22%

Junior Lien Mortgage Loans

Volume by Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$2,438,519,235	$2,875,005,049	$3,207,008,585	$2,085,015,925	$2,409,506,573
Non-Prime Mortgages(2)	-	-	-	-	-
Total	$2,438,519,235	$2,875,005,049	$3,207,008,585	$2,085,015,925	$2,409,506,573
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year (3)					
Prime Mortgages(1)	(12.07)%	17.90%	11.55%	(34.99)%	15.56%
Non-Prime Mortgages(2)	-	-	-	-	-
Total Volume	(12.07)%	17.90%	11.55%	(34.99)%	15.56%

First Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	57,758	68,077	86,166	55,773	91,631
Non-Prime Mortgages(2)	71,443	136,789	200,446	170,696	173,796
Total	129,201	204,866	286,612	226,469	265,427
Prime Mortgages(1)	44.70%	33.23%	30.06%	24.63%	34.52%
Non-Prime Mortgages(2)	55.30%	66.77%	69.94%	75.37%	65.48%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from					

Prior Year (3)					
Prime Mortgages(1)	56.78%	17.87%	26.57%	(35.27)%	64.29%
Non-Prime Mortgages(2)	(5.21)%	91.47%	46.54%	(14.84)%	1.82%
Total Based on Average Number of Loans	15.14%	58.56%	39.90%	(20.98)%	17.20%

Junior Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	62,952	73,188	84,962	51,614	53,071
Non-Prime Mortgages(2)	-	-	-	-	-
Total	62,952	73,188	84,962	51,614	53,071
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage Change from Prior Year (3)					
Prime Mortgages(1)	(16.49)%	16.26%	16.09%	(39.25)%	2.82%
Non-Prime Mortgages(2)	-	-	-	-	-
Total Based on Average Number of Loans	(16.49)%	16.26%	16.09%	(39.25)%	2.82%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
(3) Represents year to year growth or declines as a percentage of the prior year's volume.

The following tables set forth the annual average outstanding principal balance, calculated as of year end, of mortgage loans master serviced by Residential Funding Corporation for the past five years, and the annual average number of such loans for the same period. Residential Funding Corporation was the master servicer of a residential mortgage loan portfolio of approximately $67.8 billion and $3.5 billion in average outstanding principal amount during the 2001 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Corporation was the master servicer of a residential mortgage loan portfolio of approximately $101.9 billion and $5.5 billion in average outstanding principal during the 2005 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Master Servicer Servicing Experience

First Lien Mortgage Loans

Volume by Average Outstanding Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$51,374,446,489	$43,282,264,857	$33,749,084,171	$32,453,682,854	$47,935,800,813
Non-Prime Mortgages(2)	$16,429,992,363	$24,910,565,613	$39,334,697,127	$50,509,138,736	$53,938,083,312
Total	$67,804,438,852	$68,192,830,470	$73,083,781,298	$82,962,821,591	$101,873,884,125
Prime Mortgages(1)	75.77%	63.47%	46.18%	39.12%	47.05%
Non-Prime Mortgages(2)	24.23%	36.53%	53.82%	60.88%	52.95%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year (3)					
Prime Mortgages(1)	(3.91)%	(15.75)%	(22.03)%	(3.84)%	47.71%
Non-Prime Mortgages(2)	27.94%	51.62%	57.90%	28.41%	6.79%
Total Based on Average Outstanding Principal Balance	2.26%	0.57%	7.17%	13.52%	22.79%

Junior Lien Mortgage Loans

Volume by Percentage of Aggregate Average Outstanding Principal Balance	2001	2002	2003	2004	2005
Prime Mortgages(1)	$3,512,887,567	$4,102,615,571	$4,365,319,862	$5,135,640,057	$5,476,133,777
Non-Prime Mortgages(2)	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$3,512,887,567	$4,102,615,571	$4,365,319,862	$5,135,640,057	$5,476,133,777
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%

Percentage Change from Prior Year (3)					
Prime Mortgages(1)	13.85%	16.79%	6.40%	17.65%	6.63%
Non-Prime Mortgages(2)	-	-	-	-	-
Total Based on Average Outstanding Principal Balance	13.85%	16.79%	6.40%	17.65%	6.63%

First Lien Mortgage Loans

Volume by Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	237,946	202,938	168,654	156,745	201,903
Non-Prime Mortgages(2)	168,058	242,625	341,863	414,639	411,550
Total	406,004	445,563	510,517	571,384	613,453
Prime Mortgages(1)	58.61%	45.55%	33.04%	27.43%	32.91%
Non-Prime Mortgages(2)	41.39%	54.45%	66.96%	72.57%	67.09%
Total Based on Average Number of Loans	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year (3)					
Prime Mortgages(1)	(6.59)%	(14.71)%	(16.89)%	(7.06)%	28.81%
Non-Prime Mortgages(2)	28.76%	44.37%	40.90%	21.29%	(0.74)%
Total Based on Average Number of Loans	5.39%	9.74%	14.58%	11.92%	7.36%

Junior Lien Mortgage Loans

Volume by Percentage of Number of Loans	2001	2002	2003	2004	2005
Prime Mortgages(1)	104,044	118,773	127,833	147,647	143,713
Non-Prime Mortgages(2)	-	-	-	-	-
Total	104,044	118,773	127,833	147,647	143,713
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	0.00%	0.00%	0.00%	0.00%	0.00%

Percentage Change from Prior Year (3)					
Prime Mortgages(1)	22.78%	14.16%	7.63%	15.50%	(2.66)%
Non-Prime Mortgages(2)	-	-	-	-	-
Total Based on Average Number of Loans	22.78%	14.16%	7.63%	15.50%	(2.66)%
Total Based on Average Number of Loans	22.78%	14.16%	7.63%	15.50%	(2.66)%

(1) Product originated under the Jumbo, Alt A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
(3) Represents year to year growth or declines as a percentage of the prior year's volume.

Residential Funding Corporation's overall procedures for originating and acquiring mortgage loans are described under "Description of the Mortgage Pool - The Program" in this prospectus supplement. Residential Funding Corporation's material role and responsibilities in this transaction, including as master servicer, are described in the prospectus under "The Trusts - Qualification of Sellers" and "The Trusts - Repurchases of Mortgage Collateral" and in this prospectus supplement under "Pooling and Servicing Agreement - The Master Servicer and Subservicers -Master Servicer."

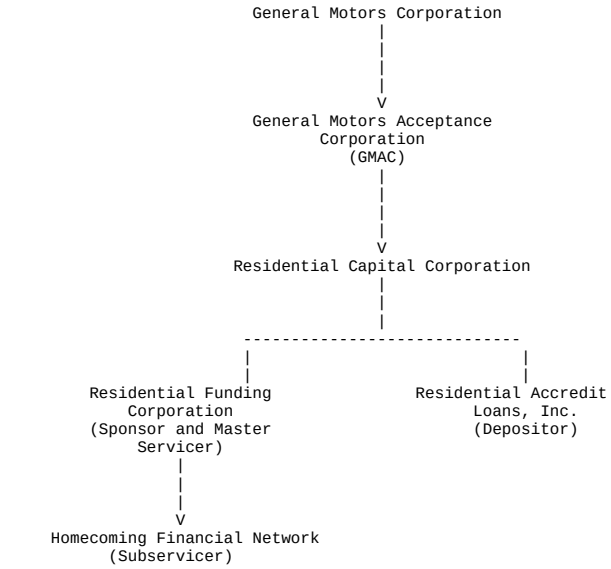
Residential Funding Corporation's wholly-owned subsidiary, Homecomings Financial Network, Inc., or Homecomings, originated and sold to Residential Funding Corporation [____]% of the mortgage loans included in the mortgage pool. See "Affiliations Among Transaction Parties," "Description of the Mortgage Pool - Originators" and "Pooling and Servicing Agreement - The Master Servicer and Subservicers" in this prospectus supplement.

Description of Unaffiliated Sellers

[[Name of Unaffiliated Seller], a [_____] corporation, originated [__]% by principal amount of the mortgage Loans. [Describe, to the extent material, origination program, experience, size of seller's portfolio, performance of pool assets, experience with Expanded Criteria Program, role and function in transaction and, where a seller acts as a sponsor, prior securitizations.]

Affiliations Among Transaction Parties

The diagram below illustrates the ownership structure among the affiliated transaction parties.



Description of the Mortgage Pool

General

The mortgage pool will consist of [___] mortgage loans with an aggregate principal balance outstanding as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, of approximately $[_____]. The mortgage loans are secured by first liens on fee simple in one-to four-family residential real properties. The property securing the mortgage loan is referred to as the mortgaged property. The mortgage pool will consist of conventional, fixed-rate or adjustable-rate first mortgage loans and terms to maturity of not more than 30 years from the date of origination. All percentages of the mortgage loans described in this prospectus supplement are approximate percentages by

aggregate principal balance as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, unless otherwise indicated.

All of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of [____]% of the mortgage loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings. No unaffiliated seller sold more than [____]% of the mortgage loans to Residential Funding. [____]% of the mortgage loans are being subserviced by Homecomings.

The mortgage loans were selected for inclusion in the mortgage pool from among mortgage loans purchased in connection with the Expanded Criteria Program described below based on the Sponsor's assessment of investor preferences and rating agency criteria.

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 and the representations and warranties made by the sellers to the limited extent described above. See "The Trusts-Representations with Respect to Mortgage Collateral" in the prospectus.

A limited amount of losses on mortgage loans as to which there was fraud in the origination of those mortgage loans will be covered by the subordination provided by the Class M Certificates and Class B Certificates as described in this prospectus supplement under "Description of the Certificates-Allocation of Losses; Subordination."

Mortgage Pool Characteristics

None of the mortgage loans will have been originated prior to [__________] or will have a maturity date later than [__________]. No mortgage loan will have a remaining term to maturity as of the cut-off date of less than [___] months. The weighted average remaining term to maturity of the mortgage loans as of the cut-off date will be approximately [___] months. The weighted average original term to maturity of the mortgage loans as of the cut-off date will be approximately [___] months. As used in this prospectus supplement the remaining term to maturity means, as of any date of determination and with respect to any mortgage loan, the number of months equaling the number of scheduled monthly payments necessary to reduce the then-current Stated Principal Balance of that mortgage loan to zero, assuming the related mortgagor will make all scheduled monthly payments but no prepayments, on the mortgage loan thereafter.

The original mortgages for many of the mortgage loans have been, or in the future may be, at the sole discretion of the master servicer, recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns, and subsequent assignments of those mortgages have been, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. In some other cases, the original mortgage was recorded in the name of the originator of the mortgage loan, record ownership was later assigned to MERS, solely as nominee for the owner of the mortgage loan, and subsequent assignments of the mortgage were, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. For each of these mortgage loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the mortgage loan. As of the cut-off date [____]% of the mortgage loans were recorded in the name of MERS. For additional information regarding the recording of mortgages in the name of MERS see "Certain Yield and Prepayment Considerations-General" in this prospectus supplement and "Description of the Certificates-Assignment of Mortgage Loans" in the prospectus.

None of the mortgage loans were subject to the Home Ownership and Equity Protection Act of 1994. None of the Mortgage Loans are loans that, under applicable state or local law in effect at the time of origination of the loan, are referred to as (1) "high cost" or "covered" loans or (2) any other similar designation if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees. See "Certain Legal Aspects of the Mortgage Loans-The Mortgage Loans-Homeownership Act and Similar State Laws" in the prospectus.

As of the cut-off date, none of the mortgage loans will be 30 or more days delinquent in payment of principal and interest. For a description of the methodology used to categorize mortgage loans as delinquent, see "-- Static

Pool Information below.

[None of the mortgage loans will be Buy-Down Mortgage Loans.]

[No mortgage loan provides for deferred interest or negative amortization.]

[None of the mortgage loans have been made to international borrowers.]

[___] of the mortgage loans, representing [___%] of the aggregate principal balance of the mortgage loans, are balloon loans that do not fully amortize, if at all, providing for a substantial principal payment due at maturity.

With respect to [__] mortgage loans, representing [_____]% of the aggregate principal balance of the mortgage loans, the related mortgage note provides for an interest only period not to exceed 10 years. Under the terms of these loans, borrowers are required to pay only accrued interest each month, with no corresponding principal payments, until the end of the interest only period. Once the interest only period ends, monthly payments of principal are required to amortize the loan over its remaining term, in addition to accrued interest.

[_____] of the mortgage loans, representing [___]% of the aggregate principal balance of the mortgage loans, provide for payment of a prepayment charge for partial prepayments and prepayments in full, other than a prepayment occurring upon the sale of property securing a mortgage loan. The prepayment charge applies to prepayments made within up to five years following the origination of such mortgage loan. The amount of the prepayment charge is generally equal to six months' advance interest on the amount of the prepayment that, when added to all other amounts prepaid during the twelve-month period immediately preceding the date of prepayment, exceeds twenty percent (20%) of the original principal amount of the mortgage loan. Prepayment charges received on the mortgage loans will not be available for distribution on the certificates. See "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Certain Legal Aspects of the Mortgage Loans and Contracts-Default Interest and Limitations on Prepayments" in the prospectus.

Set forth below is a description of certain additional characteristics of the mortgage loans as of the cut-off date, after deducting payments due during the month of the cut-off date, expressed as a percentage of the outstanding aggregate principal balance of the mortgage loans having those characteristics relative to the outstanding aggregate principal balance of all mortgage loans. Unless otherwise specified, all principal balances of the mortgage loans are as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, and are rounded to the nearest dollar.

[If mortgage securities comprise a material portion of the pool, include the characteristics of loans that support the mortgage securities.]

Credit Score of the Mortgage Loans

Credit Score Range	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average LTV Ratio
620-639					
640-659					
660-679					
680-699					
700-719					
720-739					
740-759					
760-779					
780-799					
800 or Greater					
Total, Average or Weighted Average			100.00%		

The minimum and maximum credit scores of the mortgage loans were ___ and ___, respectively, and the weighted average credit score of the mortgage loans was ___.

Occupancy Types of the Mortgaged Properties

Occupancy	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
Primary Residence						
Second/Vacation						
Non Owner-occupied						
Total, Average or Weighted Average			100.00%			

Purpose of the Mortgage Loans

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
Purchase						
Rate/Term Refinance						
Equity Refinance						
Total, Average or Weighted Average			100.00%			

Mortgaged Property Types

Property Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
Single-family detached.....						
Planned Unit Developments* (detached).....						
Two-to-four-family units.....						
Condo Low-Rise (less than 5 stories).....						
Planned Unit Developments* (attached).....						
Condo High-Rise (9 stories or more).....						
Townhouse.....						
Condo Mid-Rise (5 to 8 stories).....						
Condotel (5 to 8 stories).....						
Total, Average or Weighted Average.....			100.00%			

* A Planned Unit Development is a development that has all the following characteristics:

• The individual unit owners own a parcel of land improved with a dwelling. This ownership is not in common with other unit owners.
• The development is administered by a homeowners' association that owns and is obligated to maintain property and improvements within the development for the common use and benefit of the unit owners.
• The unit owners have an automatic, non-severable interest in the homeowners' association and pay mandatory assessments.

State	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
Alabama.....						
Arkansas.....						
Arizona.....						
California.....						
Colorado.....						
Connecticut.....						
Delaware.....						
Florida.....						
Georgia.....						
Hawaii.....						
Iowa.....						
Idaho.....						
Illinois.....						
Indiana.....						
Kansas.....						
Kentucky.....						
Louisiana.....						
Massachusetts.....						
Maryland.....						
Maine.....						
Michigan.....						
Minnesota.....						
Missouri.....						
Mississippi.....						
Montana.....						
North Carolina.....						
Nebraska.....						
New Hampshire.....						
New Jersey.....						
New Mexico.....						
Nevada.....						
New York.....						
Ohio.....						
Oklahoma.....						
Oregon.....						
Pennsylvania.....						
Rhode Island.....						
South Carolina.....						
South Dakota.....						
Tennessee.....						
Texas.....						
Utah.....						
Virginia.....						
Vermont.....						
Washington.....						
Wisconsin.....						
West Virginia.....						
Wyoming.....						
Total, Average or Weighted Average.....			100.00%			

No more than [___]% of the mortgage loans will be secured by mortgaged properties located in any one zip code area in California and no more than [___]% of the mortgage loans will be secured by mortgaged properties located in any one zip code area outside California.

Documentation Types of the Mortgage Loans

Documentation Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
Full/Alternate Documentation.....						
Reduced Documentation.....						
No Stated Income.....						
No Income/No Asset Verification						
Total, Average or Weighted Average.....			100.00%			

No more than [____]% of the reduced loan documentation mortgage loans will be secured by mortgaged properties located in California. For purposes of the above table, reduced documentation includes mortgage loans which were underwritten under a no stated income or no income/no asset program.

Approximately [____]% of the mortgage loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts-Underwriting Policies-General Standards" in the prospectus.

Mortgage Rates

Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
5.375-5.499.....						
5.500-5.624.....						
5.625-5.749.....						
5.750-5.874.....						
5.875-5.999.....						
6.000-6.124.....						
6.125-6.249.....						
6.250-6.374.....						
6.375-6.499.....						
6.500-6.624.....						
6.625-6.749.....						
6.750-6.874.....						
6.875-6.999.....						
7.000-7.124.....						
7.125-7.249.....						
7.250-7.374.....						
7.375-7.499.....						
7.500-7.624.....						
7.625-7.749.....						
7.875-7.999.....						
8.000-8.124.....						
Total, Average or Weighted Average			100.00%			

As of the cut-off date, the weighted average mortgage rate of the mortgage loans will be approximately [_____]% per annum.

Net Mortgage Rates of Discount Mortgage Loans

Net Mortgage Rate (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
5.095.....						
5.220.....						
5.345.....						
5.470.....						
Total, Average or Weighted Average.....						

As of the cut-off date, the weighted average of the Discount Fractions of the Discount Mortgage Loans was approximately [_____]%. [___]% of the Mortgage Loans by principal amount as of the cut-off date are Discount Mortgage Loans.

Original Principal Balances of the Mortgage Loans

Original Mortgage Loan Balance ($)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average LTV Ratio
100,000 or less.....						
100,001-200,000.....						
200,001-300,000.....						
300,001-400,000.....						
400,001-500,000.....						

500,001-600,000.....	
600,001-700,000.....	
700,001-800,000.....	
800,001-900,000.....	
900,001-1,000,000.....	
Total, Average or Weighted Average.....	100.00%

Original LTV Ratios of the Mortgage Loans

Original LTV Ratio (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Average Credit Score
0.01-50.00.....					
50.01-55.00.....					
55.01-60.00.....					
60.01-65.00.....					
65.01-70.00.....					
70.01-75.00.....					
75.01-80.00.....					
80.01-85.00.....					
85.01-90.00.....					
90.01-95.00.....					
95.01-100.00.....					
Total, Average or Weighted Average.....			100.00%		

The weighted average LTV ratio at origination of the mortgage loans will be approximately [____]%.

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Amortization Type of the Mortgage Loans

Amortization Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgaged Loans	Average Principal Balance	Weighted Average Credit Score Average	Weighted Avera Loan-to-Value
Fully Amortizing.....						
Initial Interest Only Period-3 Years.....						
Initial Interest Only Period-5 Years.....						
Initial Interest Only Period-10 Years.....						
Total, Average or Weighted Average.....						

Static Pool Information

Current static pool data with respect to mortgage loans serviced by Residential Funding is available on the internet at www.gmacrfcstaticpool.com (the "Static Pool Data"). Information presented under (i) "RALI" as the issuer/shelf, (ii) "QS" as the series, and (iii) "[_____]" as the deal, will include information regarding prior securitizations of mortgage loans that are similar to the mortgage loans included in this mortgage pool, based on underwriting criteria and credit quality, and that information is referred to in this prospectus supplement as Static Pool Data. Static Pool Data that relates to periods prior to January 1, 2006, will not form part of this prospectus supplement, the accompanying prospectus, or the registration statement relating to the offered certificates.

As used in the Static Pool Data, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly due date. The determination as to whether a loan falls into this category is made as of the close of business on the last business day of each month. Grace periods and partial payments do not affect these determinations.

From time to time, the master servicer or a subservicer will modify a mortgage loan, recasting monthly payments for delinquent borrowers who have experienced financial difficulties. Generally such borrowers make payments under the modified terms for a trial period, before the modifications become final. During any such trial period, delinquencies are reported based on the mortgage loan's original payment terms. The trial period is designed to evaluate both a borrower's desire to remain in the mortgaged property and, in some cases, a borrower's capacity to pay a higher monthly payment obligation. The trial period generally may extend to up to six months before a modification is finalized. Once the modifications become final delinquencies are reported based on the modified terms. Generally if a borrower fails to make payments during a trial period, the mortgage loan goes into foreclosure. Historically, the master servicer has not modified a material number of mortgage loans in any pool. Furthermore, the rating agencies rating the certificates impose certain limitations on the ability of the master servicer to modify loans.

Charge offs are taken only when the master servicer has determined that it has received all payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to any mortgage loan.

There can be no assurance that the delinquency and foreclosure experience set forth in the Static Pool Data will be representative of the results that may be experienced with respect to the mortgage loans included in the trust.

Primary Mortgage Insurance and Standard Hazard Insurance

Each mortgage loan is required to be covered by a standard hazard insurance policy. In addition, to the best of the depositor's knowledge, except in the case of [_____] mortgage loans representing approximately [___]% of the aggregate principal balance of the mortgage loans, each mortgage loan with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy, which is referred to as a primary insurance policy, covering at least 35% of the balance of the mortgage loan at origination if the LTV ratio is between 100.00% and 95.01%, at least 30% of the balance of the mortgage loan at origination if the LTV ratio is between 95.00% and 90.01%, at least 25% of the balance of the mortgage loan at origination if the LTV ratio is between 90.00% and 85.01%, and at least 12% of the balance if the LTV ratio is between 85.00% and 80.01%.

All of the primary insurance policies were issued by [General Electric Mortgage Insurance Corporation, Mortgage Guaranty Insurance Corporation, Triad Guaranty, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, Radian Guaranty Inc. or CUNA Mutual Group] which collectively are the primary insurers. Each primary insurer has a claims paying ability currently acceptable to the rating agencies that have been requested to rate the certificates; however, no assurance as to the actual ability of any primary insurer to pay claims can be given by the depositor, the issuing entity or the underwriters. See "Insurance Policies on Mortgage Loans or Contracts" in the prospectus.

The Program

General. Residential Funding, under its Expanded Criteria Program, or the 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. However, a portion of the mortgage loans under the program may also qualify for the Fannie Mae or Freddie Mac programs. Examples of mortgage loans that may not qualify for such programs include 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. Borrowers may be international borrowers. The mortgage loans also include mortgage loans secured by parcels of land that are smaller or larger than the average for these types of loans, mortgage loans with higher LTV ratios than in those other programs, and mortgage loans with LTV ratios over 80% that do not require primary mortgage insurance. See "-Program Underwriting Standards" below. The inclusion of those mortgage loans may present certain risks that are not present in those other programs. The program is administered by Residential Funding on behalf of the depositor.

Qualifications of Program Sellers. Each Expanded Criteria Program Seller has been selected by Residential Funding on the basis of criteria described in Residential Funding's Expanded Criteria Seller Guide, or the Seller Guide. See "The Trusts-Qualifications of Sellers" in the prospectus.

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 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.

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.

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. Any determination described above 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. See "The Trusts--Underwriting Policies--Automated Underwriting" in the prospectus.

Because of the program criteria and underwriting standards described above, the mortgage loans may experience greater rates of delinquency, foreclosure and loss than mortgage loans required to satisfy more stringent underwriting standards.

Billing and Payment Procedures. All of the mortgage loans require monthly payments to be made no later than either the [1st] or [15th] day of each month, with a grace period of [15] days. [The applicable servicer sends monthly invoices to borrowers.] [In some cases, borrowers are provided with coupon books annually, and no invoices are sent separately.] Borrowers may elect for monthly payments to be deducted automatically from deposit accounts and may make payments by various means, including online transfers, phone payment and Western Union quick check, although an additional fee may be charged for these payment methods. [Borrowers may also elect to pay one half of each monthly payment amount every other week, in order to accelerate the amortization of their loans.]

Underwriting Standards

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

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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.

[Describe underwriting standards for mortgage loans not purchased through the Program, if appropriate.]

Originators

[Homecomings is a Delaware corporation and wholly-owned subsidiary of Residential Funding Corporation. Homecomings originated [___]% [more than ten percent] by principal amount of the mortgage loans.] See also the "The Pooling and Servicing Agreement - The Master Servicer and Subservicers -- Homecomings Financial Network, Inc."

[Add disclosure required under Item 1110(b) with respect to any other originators that originated 20% or more of pool assets.]

Additional Information

The description in this prospectus supplement of the mortgage pool and the mortgaged properties is based upon the mortgage pool as constituted at the close of business on the cut-off date, as adjusted for the scheduled principal payments due during the month of the cut-off date. Prior to the issuance of the offered certificates, Residential Funding Corporation may remove mortgage loans from the mortgage pool as a result of incomplete or defective documentation, or if it determines that the mortgage loan does not satisfy the characteristics described in this prospectus supplement.

Residential Funding Corporation may also add a limited number of other mortgage loans to the mortgage pool prior to the issuance of the offered certificates in substitution for removed loans. The information in this prospectus supplement will be substantially representative of the characteristics of the mortgage pool as it will be constituted at the time the offered certificates are issued, although the range of mortgage rates and maturities and some other characteristics of the mortgage loans in the mortgage pool may vary. In the event mortgage loans are removed from or added to the mortgage pool after the date hereof prior to the closing and any material pool characteristics of the actual mortgage pool differ by 5% or more from the description of the mortgage pool in this prospectus supplement, a current report on Form 8-K describing the final mortgage pool will be filed with the Securities and Exchange Commission within four business days of the related closing.

A current report on Form 8-K will be available to purchasers of the offered certificates and will be filed by the issuing entity, in its own name, together with the pooling and servicing agreement, with the Securities and Exchange Commission within fifteen days after the initial issuance of the offered certificates.

[The Yield Maintenance Agreement Provider

The yield maintenance agreement provider has supplied the following two paragraphs for inclusion in this prospectus supplement.

[NAME], will be the yield maintenance agreement provider. [NAME] is a bankruptcy remote derivatives products [corporation] [limited liability company] based in [_____] that has been established as a wholly owned subsidiary of [_____]. [NAME] has a ratings classification of "AAA" from Standard & Poor's and "Aaa" from Moody's Investors Service. [NAME] will provide upon request, without charge, to each person to whom this prospectus supplement is delivered, a copy of (i) the ratings analysis from each of Standard & Poor's and Moody's Investors Service evidencing those respective ratings or (ii) the most recent audited annual financial statements of [NAME]

Requests for information should be directed to the [_____].]

[The depositor has determined that the significance percentage of payments under the yield maintenance agreement, as calculated in accordance with Regulation AB under the Securities Act of 1933, is [less than 10%]

[is at least 10% but less than 20%] [is 20% or more]. [Add financial information required under Item 1115 of Regulation AB, if the significance percentage is 10% or more].

Description of the Certificates

General

The Series [____]-QS[_] Mortgage Asset-Backed Pass-Through Certificates will include the following seven classes of Senior Certificates:

- Class A-1 Certificates;
- Class A-2 Certificates, or the Super Senior Certificates;
- Class A-3 Certificates;
- Class A-4 Certificates, or the Senior Support Certificates, and together with the Class A-3 Certificates, the Lockout Certificates;
- Class A-P Certificates, or the Principal Only Certificates;
- Class A-V Certificates, or the Variable Strip Certificates; and
- Class R Certificates, or the Residual Certificates.

In addition to the Senior Certificates, the Series [____]-QS[_] Mortgage Asset-Backed Pass-Through Certificates will also include six classes of subordinate certificates which are designated as the Class M-1 Certificates, Class M-2 Certificates, Class M-3 Certificates, Class B-1 Certificates, Class B-2 Certificates and Class B-3 Certificates. Only the Senior Certificates and the Class M Certificates are offered hereby. See "Glossary" in the prospectus for the meanings of capitalized terms and acronyms not otherwise defined in this prospectus supplement.

The certificates will evidence the entire beneficial ownership interest in the trust. The trust will consist of:

- the mortgage loans;
- the cash deposited in respect of the mortgage loans in the Custodial Account and in the Certificate Account and belonging to the trust;
- property acquired by foreclosure of the mortgage loans or deed in lieu of foreclosure;
- any applicable primary insurance policies and standard hazard insurance policies;
- [the yield maintenance agreement]; and
- all proceeds of any of the foregoing.

The Senior Certificates will evidence in the aggregate an initial

beneficial ownership interest of approximately [____]% in the trust. The Class M-1, Class M-2, Class M-3, Class B-1, Class B-2 and Class B-3 Certificates will each evidence in the aggregate an initial beneficial ownership interest of approximately [____]%, [____]%, [____]%, [____]%, [____]% and [____]%, respectively, in the trust.

The Senior Certificates, other than the Residual Certificates, and the Class M Certificates will be available only in book-entry form through facilities of The Depository Trust Company, or DTC, and are collectively referred to as the DTC registered certificates. The DTC registered certificates, other than the Variable Strip Certificates, will be issued in

minimum denominations of $25,000, or $250,000 in the case of the Class M-2 Certificates and Class M-3 Certificates, and integral multiples of $1 in excess thereof. The Variable Strip Certificates will be issued in minimum denominations representing an initial notional amount of $2,000,000, and integral multiples of $1 in excess thereof. The Residual Certificates will be issued in registered, certificated form in minimum denominations of a 20% percentage interest, except, in the case of one Class R Certificate, as otherwise described in this prospectus supplement under "Material Federal Income Tax Consequences."

The DTC registered certificates will be represented by one or more certificates registered in the name of Cede & Co., as the nominee of DTC. No beneficial owner will be entitled to receive a certificate of any class in fully registered form, or a definitive certificate, except as described in the prospectus under ""Description of the Certificates-Form of Certificates."

For additional information regarding DTC and the DTC registered certificates, see "Description of the Certificates-Form of Certificates" in the prospectus.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the certificates:

[Accretion Termination Date - The earlier to occur of (i) the distribution date on which the Certificate Principal Balance of the Accretion Directed Certificates has been reduced to zero and (ii) the Credit Support Depletion Date.]

[Accrual Distribution Amount - On each distribution date preceding the Accretion Termination Date, an amount equal to the amount of Accrued Certificate Interest on the Accrual Certificates for such date, which will be added to the Certificate Principal Balance of the Accrual Certificates, and that amount will be distributed to the holders of the Accretion Directed Certificates, in the manner and priority described in this prospectus supplement, as principal in reduction of the Certificate Principal Balance of the Accretion Directed Certificates. The amount that is added to the Certificate Principal Balance of the Accrual Certificates will thereafter accrue interest at a rate of [ ]% per annum. On each distribution date on or after the Accretion Termination Date, the entire Accrual Distribution Amount for that date will be payable to the holders of the Accrual Certificates to the extent not required to fully reduce the amounts of the Accretion Directed Certificates to zero on the Accretion Termination Date; provided, however, that if the Accretion Termination Date is the Credit Support Depletion Date, the entire Accrual Distribution Amount for that date will be payable to the holders of the Accrual Certificates.]

Accrued Certificate Interest-With respect to any distribution date, an amount equal to (a) in the case of each class of offered certificates, other than the Variable Strip Certificates and Principal Only Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of the certificates of that class immediately prior to that distribution date at the related pass-through rate and (b) in the case of the Variable Strip Certificates, interest accrued during the related Interest Accrual Period on the related Notional Amount immediately prior to that distribution date at the then-applicable pass-through rate on that class for that distribution date; in each case less interest shortfalls, if any, allocated thereto for that distribution date to the extent not covered, with respect to the Senior Certificates, by the subordination provided by the Class B Certificates and Class M Certificates and, with respect to the Class M Certificates, to the extent not covered by the subordination provided by the Class B Certificates and any class or classes of Class M Certificates having a lower payment priority, including in each case:

(i) any Prepayment Interest Shortfall to the extent not covered by the master servicer as described in this prospectus supplement under "Description of the Certificates-Interest Distributions";

(ii) the interest portions of Realized Losses, including Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, not allocated through subordination;

(iii) the interest portion of any Advances that were made with respect to delinquencies that were ultimately determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses; and

(iv) any other interest shortfalls not covered by the subordination provided by the Class M Certificates or Class B Certificates, including interest shortfalls relating to the Servicemembers Civil Relief Act, formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940, or Relief Act, or similar legislation or regulations, all allocated as described below.

Any reductions will be allocated among the holders of all classes of certificates in proportion to the respective amounts of Accrued Certificate Interest that would have been payable on that distribution date absent these reductions. In the case of each class of Class M Certificates, Accrued Certificate Interest on that class will be further reduced by the allocation of the interest portion of certain losses thereto, if any, as described below under "-Allocation of Losses; Subordination." Accrued Certificate Interest on each class of Senior Certificates will be distributed on a pro rata basis. Accrued Certificate Interest on each class of certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Advance-As to any mortgage loan and any distribution date, an amount equal to the scheduled payment of principal and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Available Distribution Amount-With respect to any distribution date, an amount equal to the aggregate of:

- the aggregate amount of scheduled payments on the mortgage loans due during the related Due Period and received on or prior to the related determination date, after deduction of the related master servicing fees and any subservicing fees, which are collectively referred to as the servicing fees;
- all unscheduled payments on the mortgage loans, including mortgagor prepayments, Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries and proceeds from repurchases of and substitutions for the mortgage loans occurring during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period; and
- all Advances made for that distribution date, in each case net of amounts reimbursable therefrom to the master servicer and any subservicer.

In addition to the foregoing amounts, with respect to unscheduled collections, not including mortgagor prepayments, the master servicer may elect to treat such amounts as included in the Available Distribution Amount for the distribution date in the month of receipt, but is not obligated to do so. As described in this prospectus supplement under "-Principal Distributions on the Senior Certificates," any amount with respect to which such election is so made shall be treated as having been received on the last day of the preceding calendar month for the purposes of calculating the amount of principal and interest distributions to any class of certificates. With respect to any distribution date, the determination date is the second business day prior to that distribution date.

Capitalization Reimbursement Amount-With respect to any distribution date, the amount of Advances or Servicing Advances that were added to the outstanding principal balance of the mortgage loans during the preceding calendar month and reimbursed to the master servicer or subservicer on or prior to such distribution date, plus the Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior distribution date and reimbursed to the master servicer or subservicer on or prior to such distribution date. The master servicer or subservicer will be entitled to be reimbursed for these amounts only from the principal collections on the mortgage loans.

Capitalization Reimbursement Shortfall Amount-With respect to any distribution date, the amount, if any, by which the amount of Advances or

Servicing Advances that were added to the principal balance of the mortgage loans during the preceding calendar month exceeds the amount of principal payments on the mortgage loans included in the Available Distribution Amount for that distribution date.

Certificate Principal Balance-With respect to any offered certificate, other than the Variable Strip Certificates, as of any date of determination, an amount equal to the initial Certificate Principal Balance of that certificate reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that certificate and (b) any reductions in the Certificate Principal Balance of that certificate deemed to have occurred in connection with allocations of Realized Losses in the manner described in this prospectus supplement, provided that, after the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the Certificate Principal Balance of any certificate of the class of Class M Certificates with the highest payment priority to which Realized Losses, other than Excess Bankruptcy Losses, Excess Fraud Losses, Excess Special Hazard Losses and Extraordinary Losses, have been allocated shall be increased by the percentage interest evidenced thereby multiplied by the amount of any Subsequent Recoveries not previously allocated, but not by more than the amount of Realized Losses previously allocated to reduce the Certificate Principal Balance of that certificate, and the Certificate Principal Balance of the class of certificates with a Certificate Principal Balance greater than zero with the lowest payment priority shall be further reduced by an amount equal to the percentage interest evidenced thereby multiplied by the excess, if any, of (i) the then-aggregate Certificate Principal Balance of all classes of certificates then outstanding over (ii) the then-aggregate Stated Principal Balance of all of the mortgage loans.

Class A-P Collection Shortfall-With respect to each distribution date, the extent that (1) the amount included under clause (iii) of the definition of Class A-P Principal Distribution Amount for that distribution date is less than (2) the amount described in (a) under clause (iii) of the definition of Class A-P Principal Distribution Amount. Notwithstanding any other provision of this prospectus supplement, any distribution relating to any Class A-P Collection Shortfall, to the extent not covered by any amounts otherwise distributable to the Class B-3 Certificates, shall result in a reduction of the amount of principal distributions on that distribution date on (i) first, the Class B-1 Certificates and Class B-2 Certificates and (ii) second, the Class M Certificates, in each case in reverse order of their payment priority.

Class A-P Principal Distribution Amount-With respect to any distribution date, a distribution allocable to principal made to holders of the Class A-P Certificates from the Available Distribution Amount remaining after the Senior Interest Distribution Amount is distributed, equal to the aggregate of:

(i) the related Discount Fraction of the principal portion of the scheduled monthly payment on each Discount Mortgage Loan due during the related Due Period, whether or not received on or prior to the related determination date, less the Discount Fraction of the principal portion of any related Debt Service Reductions which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(ii) the related Discount Fraction of the principal portion of all unscheduled collections on each Discount Mortgage Loan, other than amounts received in connection with a Final Disposition of a Discount Mortgage Loan described in clause (iii) below, including mortgagor prepayments, repurchases of Discount Mortgage Loans or, in the case of a substitution, amounts representing a principal adjustment, as required by the pooling and servicing agreement, Liquidation Proceeds, Subsequent Recoveries and Insurance Proceeds, to the extent applied as recoveries of principal, received during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period;

(iii) in connection with the Final Disposition of a Discount Mortgage Loan that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of (a) the applicable Discount Fraction of the Stated Principal Balance of that Discount Mortgage Loan immediately prior to that distribution date and (b) the aggregate amount of collections on that Discount Mortgage Loan to the extent applied as recoveries of principal;

(iv) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed; and

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(v) an amount equal to the aggregate of the Class A-P Collection Shortfalls for all distribution dates on or prior to such distribution date, less any amounts paid under this clause on a prior distribution date, until paid in full; provided, that distributions under this clause (v) shall only be made to the extent of Eligible Funds on any distribution date; minus

(vi) the related Discount Fraction of the portion of the Capitalization Reimbursement Amount for such distribution date, if any, related to each Discount Mortgage Loan.

Notwithstanding the forgoing, on or after the Credit Support Depletion Date, the Class A-P Principal Distribution Amount with respect to any distribution date will equal the Discount Fraction of the principal portion of scheduled payments and unscheduled collections received or advanced in respect of Discount Mortgage Loans minus the related Discount Fraction of the portion of the Capitalization Reimbursement Amount for such distribution date, if any, related to each Discount Mortgage Loan.

Class M Percentage-With respect to the Class M-1, Class M-2 and Class M-3 Certificates and any distribution date, a percentage that will initially equal approximately 2.25%, 0.85% and 0.60%, respectively, and each will in no event exceed 100%. The Class M-1, Class M-2 and Class M-3 Percentages will each be adjusted for each distribution date to be the percentage equal to the Certificate Principal Balance of the related class of Class M Certificates immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans, other than the related Discount Fraction of the Stated Principal Balance of each Discount Mortgage Loan, immediately prior to that distribution date. The initial Class M-1, Class M-2 and Class M-3 Percentages are greater than the initial percentage interests in the trust evidenced by the Class M-1, Class M-2 and Class M-3 Certificates, respectively, because the Class M-1, Class M-2 and Class M-3 Percentages are calculated without regard to the Discount Fraction of the Stated Principal Balance of each Discount Mortgage Loan.

Credit Support Depletion Date-The first distribution date on which the Senior Percentage equals 100%.

Discount Fraction-With respect to each Discount Mortgage Loan, a fraction, expressed as a percentage, the numerator of which is [____]% minus the Net Mortgage Rate for such Discount Mortgage Loan and the denominator of which is [____]%. The Class A-P Certificates will be entitled to payments based on the Discount Fraction of the Discount Mortgage Loans.

Discount Mortgage Loan-Any mortgage loan with a Net Mortgage Rate less than [____]% per annum.

Due Date-With respect to any distribution date and any mortgage loan, the date during the related Due Period on which scheduled payments are due.

Due Period-With respect to any distribution date, the calendar month in which the distribution date occurs.

Eligible Funds-With respect to any distribution date, an amount equal to the excess of (i) the Available Distribution Amount over (ii) the sum of the Senior Interest Distribution Amount, the Senior Principal Distribution Amount (determined without regard to clause (iv) of the definition of "Senior Principal Distribution Amount"), the Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of "Class A-P Principal Distribution Amount") and the aggregate amount of Accrued Certificate Interest on the Class M, Class B-1 and Class B-2 Certificates.

Excess Bankruptcy Losses-Bankruptcy Losses in excess of the Bankruptcy Amount.

Excess Fraud Losses-Fraud Losses in excess of the Fraud Loss Amount.

Excess Special Hazard Losses-Special Hazard Losses in excess of the Special Hazard Amount.

Excess Subordinate Principal Amount-With respect to any distribution date on which the Certificate Principal Balance of the most subordinate class or

classes of certificates then outstanding is to be reduced to zero and on which Realized Losses are to be allocated to that class or those classes, the amount, if any, by which (i) the amount of principal that would otherwise be distributable on that class or those classes of certificates on that distribution date is greater than (ii) the excess, if any, of the aggregate Certificate Principal Balance of that class or those classes of certificates immediately prior to that distribution date over the aggregate amount of Realized Losses to be allocated to that class or those classes of certificates on that distribution date, as reduced by any amount calculated pursuant to clause (v) of the definition of "Class A-P Principal Distribution Amount."

Final Disposition-With respect to a defaulted mortgage loan, a Final Disposition is deemed to have occurred upon a determination by the master servicer that it has received all Insurance Proceeds, Liquidation Proceeds and other payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to the mortgage loan.

Interest Accrual Period-For all classes of certificates, the calendar month preceding the month in which the distribution date occurs.

Lockout Percentage-For any distribution date occurring prior to the distribution date in [_____], 0%. For any distribution date occurring after the first five years following the closing date, a percentage determined as follows:

- for any distribution date during the sixth year after the closing date, [___]%;
- for any distribution date during the seventh year after the closing date, [___]%;
- for any distribution date during the eighth year after the closing date, [___]%;
- for any distribution date during the ninth year after the closing date, [___]%; and
- for any distribution date thereafter, 100%.

Net Mortgage Rate-As to a mortgage loan, the mortgage rate minus the rate per annum at which the related master servicing and subservicing fees accrue.

Non-Discount Mortgage Loan-The mortgage loans other than the Discount Mortgage Loans.

Notional Amount-As of any date of determination, the Notional Amount of the Class A-V Certificates is equal to the aggregate Stated Principal Balance of the mortgage loans immediately prior to that date. The initial Notional Amount of the Class A-V Certificates is approximately $[_____]. Reference to a Notional Amount with respect to the Class A-V Certificates is solely for convenience in specific calculations and does not represent the right to receive any distributions allocable to principal.

Record Date-With respect to any certificates, and any distribution date, the close of business on the last business day of the preceding calendar month.

Senior Accelerated Distribution Percentage-For any distribution date occurring prior to the distribution date in [_____], 100%. The Senior Accelerated Distribution Percentage for any distribution date occurring after the first five years following the closing date will be as follows:

- for any distribution date during the sixth year after the closing date, the Senior Percentage for that distribution date plus [___]% of the Subordinate Percentage for that distribution date;
- for any distribution date during the seventh year after the closing date, the Senior Percentage for that distribution date plus [___]% of the Subordinate Percentage for that distribution date;
- for any distribution date during the eighth year after the closing date, the Senior Percentage for that distribution date plus [___]% of the Subordinate Percentage for that distribution date;

o for any distribution date during the ninth year after the closing date, the Senior Percentage for that distribution date plus [___]% of the Subordinate Percentage for that distribution date; and

o for any distribution date thereafter, the Senior Percentage for that distribution date.

If on any distribution date the Senior Percentage exceeds the initial Senior Percentage, the Senior Accelerated Distribution Percentage for that distribution date will once again equal 100%.

Any scheduled reduction to the Senior Accelerated Distribution Percentage shall not be made as of any distribution date unless either:

(a)(i)(X) the outstanding principal balance of mortgage loans delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Class M Certificates and Class B Certificates, is less than [___]% or (Y) the outstanding principal balance of mortgage loans delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed [___]%, and

(ii) Realized Losses on the mortgage loans to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year, or any year thereafter, after the closing date, are less than [___]%, [___]%, [___]%, [___]% or [___]%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B Certificates; or

(b)(i) the outstanding principal balance of mortgage loans delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed [___]%, and

(ii) Realized Losses on the mortgage loans to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year or any year thereafter, after the closing date, are less than [___]%, [___]%, [___]%, [___]% or [___]%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B Certificates.

Notwithstanding the foregoing, upon reduction of the Certificate Principal Balances of the Senior Certificates, other than the Class A-P Certificates, to zero, the Senior Accelerated Distribution Percentage will equal 0%.

Senior Interest Distribution Amount-With respect to any distribution date, the aggregate amount of Accrued Certificate Interest to be distributed to the holders of the Senior Certificates for that distribution date.

Senior Percentage-As of each distribution date, the percentage equal to the aggregate Certificate Principal Balance of the Senior Certificates, other than the Class A-P Certificates, immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans, other than the Discount Fraction of the Stated Principal Balance of the Discount Mortgage Loans, immediately prior to that distribution date. The Senior Percentage will initially equal approximately [_____]% and will in no event exceed 100%. The initial Senior Percentage is less than the initial percentage interest in the trust evidenced by the Senior Certificates in the aggregate because that percentage is calculated without regard to either the Certificate Principal Balance of the Class A-P Certificates or the Discount Fraction of the Stated Principal Balance of each Discount Mortgage Loan.

Senior Principal Distribution Amount-With respect to any distribution date, the lesser of (a) the balance of the Available Distribution Amount remaining after the Senior Interest Distribution Amount and Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of "Class A-P Principal Distribution Amount") have been distributed and (b) the sum of:

(i) the product of (A) the then-applicable Senior Percentage and (B) the aggregate of the following amounts:

(1) the principal portion of all scheduled monthly payments on the mortgage loans, other than the related Discount Fraction of the principal portion of those payments with respect to each Discount Mortgage Loan, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to each Discount Mortgage Loan, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of those proceeds with respect to each Discount Mortgage Loan, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal portion of those unscheduled collections, with respect to each Discount Mortgage Loan;

(ii) in connection with the Final Disposition of a mortgage loan (x) that occurred in the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of:

(1) the then-applicable Senior Percentage of the Stated Principal Balance of the mortgage loan, other than the related Discount Fraction of the Stated Principal Balance, with respect to a Discount Mortgage Loan; and

(2) the then-applicable Senior Accelerated Distribution Percentage of the related unscheduled collections, including Insurance Proceeds and Liquidation Proceeds, to the extent applied as recoveries of principal, in each case other than the portion of the collections, with respect to a Discount Mortgage Loan, included in clause (iii) of the definition of Class A-P Principal Distribution Amount;

(iii) the then-applicable Senior Accelerated Distribution Percentage of the aggregate of all partial mortgagor prepayments made during the preceding calendar month and mortgagor prepayments in full made during the related Prepayment Period, other than the related Discount Fraction of mortgagor prepayments, with respect to each Discount Mortgage Loan;

(iv) any Excess Subordinate Principal Amount for that distribution date; and

(v) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to the Class M Certificates or Class B Certificates; minus

(vi) the Capitalization Reimbursement Amount for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan, multiplied by a fraction, the numerator of which is the Senior Principal Distribution Amount, without giving effect to this clause (vi), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates other than the Class A-P Certificates, without giving effect to any reductions for the Capitalization Reimbursement Amount.

Subordinate Percentage-As of any date of determination a percentage equal to 100% minus the Senior Percentage as of that date.

Subsequent Recoveries-Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Super Senior Optimal Percentage-As to any distribution date on and after the Credit Support Depletion Date, a percentage expressed as a fraction, the numerator of which is the Certificate Principal Balance of the Super Senior Certificates immediately prior to that distribution date and the denominator of which is the aggregate Certificate Principal Balance of the Senior Certificates (other than the Class A-P Certificates) immediately prior to that distribution date.

Super Senior Optimal Principal Distribution Amount-As to any distribution date on and after the Credit Support Depletion Date, an amount equal to the product of (a) the then-applicable Super Senior Optimal Percentage and (b) the amounts described in clause (b) of the definition of Senior Principal Distribution Amount.

[Yield Maintenance Agreement Notional Balance - With respect to any distribution date specified below, the lesser of (1) the Certificate Principal Balance of the Class A, Class M and Class B Certificates immediately prior to that distribution date and (2) the approximate amount specified below for that distribution date.]

Distribution Date	Notional Balance	Distribution Date	Notional Balance

Interest Distributions

Holders of each class of Senior Certificates other than the Principal Only Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the Available Distribution Amount for that distribution date, commencing on the first distribution date in the case of all classes of Senior Certificates entitled to interest distributions.

Holders of each class of Class M Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the Available Distribution Amount for that distribution date after distributions of interest and principal to the Senior Certificates, reimbursements for some Advances to the master servicer and distributions of interest and principal to any class of Class M Certificates having a higher payment priority.

The Principal Only Certificates are not entitled to distributions of interest.

Prepayment Interest Shortfalls will result because interest on prepayments in full is paid by the related mortgagor only to the date of prepayment, and because no interest is distributed on prepayments in part, as these prepayments in part are applied to reduce the outstanding principal balance of the related mortgage loans as of the Due Date in the month of prepayment.

However, with respect to any distribution date, any Prepayment Interest Shortfalls resulting from prepayments in full or prepayments in part made during the preceding calendar month that are being distributed to the certificateholders on that distribution date will be offset by the master servicer, but only to the extent those Prepayment Interest Shortfalls do not exceed an amount equal to the lesser of (a) one-twelfth of 0.125% of the Stated Principal Balance of the mortgage loans immediately preceding that distribution date and (b) the sum of the master servicing fee payable to the master servicer for its master servicing activities and reinvestment income received by the master servicer on amounts payable with respect to that distribution date. No assurance can be given that the master servicing compensation available to cover Prepayment Interest Shortfalls will be sufficient therefor. Any Prepayment Interest Shortfalls which are not covered by the master servicer on any distribution date will not be reimbursed on any future distribution date. See "Pooling and Servicing Agreement-Servicing and Other Compensation and Payment of Expenses" in this prospectus supplement.

If on any distribution date the Available Distribution Amount is less than the Accrued Certificate Interest on the Senior Certificates for that distribution date, the shortfall will be allocated among the holders of all classes of Senior Certificates in proportion to their respective amounts of Accrued Certificate Interest for that distribution date. In addition, the amount of any such interest shortfalls that are covered by subordination, specifically, interest shortfalls not described in clauses (i) through (iv) in the definition of Accrued Certificate Interest, will be unpaid Accrued Certificate Interest and will be distributable to holders of the certificates of those classes entitled to those amounts on subsequent distribution dates, in each case to the extent of available funds after interest distributions as described in this prospectus supplement.

These interest shortfalls could occur, for example, if delinquencies on the mortgage loans were exceptionally high and were concentrated in a particular month and Advances by the master servicer did not cover the shortfall. Any amounts so carried forward will not bear interest. Any interest shortfalls will not be offset by a reduction in the servicing compensation of the master servicer or otherwise, except to the limited extent described in the second preceding paragraph with respect to Prepayment Interest Shortfalls.

The pass-through rates on all classes of offered certificates, other than the Variable Strip and Principal Only Certificates, are fixed and are listed on page S-6 of this prospectus supplement.

The pass-through rate on the Variable Strip Certificates on each distribution date will equal the weighted average, based on the Stated Principal Balance of the mortgage loans immediately preceding that distribution date, of the pool strip rates on each of the mortgage loans in the mortgage pool. The pool strip rate on any mortgage loan is equal to its Net Mortgage Rate minus [____]%, but not less than 0.00%. As of the cut-off date, the pool strip rates on the mortgage loans range between 0.00% and [____]% per annum. The initial pass-through rate on the Variable Strip Certificates is approximately [____]% per annum.

As described in this prospectus supplement, the Accrued Certificate Interest allocable to each class of certificates, other than the Principal Only Certificates, which are not entitled to distributions of interest, is based on the Certificate Principal Balance of that class or, in the case of any class of the Variable Strip Certificates, on the Notional Amount of that class.

At the option of the initial holder of the Variable Strip Certificates, any Variable Strip Certificate can be exchanged by that holder for one or more Variable Strip Certificates that represent, in the aggregate, the same Notional Amount, and the pass-through rate and Notional Amount of each Variable Strip Certificate so exchanged will be based on the pool strip rates and Stated Principal Balances of the mortgage loans corresponding to that Variable Strip Certificate.

Principal Distributions on the Senior Certificates

The holders of the Senior Certificates, other than the Variable Strip Certificates, which are not entitled to distributions of principal, will be entitled to receive on each distribution date, in the priority described in this prospectus supplement and to the extent of the portion of the Available Distribution Amount remaining after the distribution of the Senior Interest Distribution Amount, a distribution allocable to principal equal to the sum of the Senior Principal Distribution Amount and the Class A-P Principal Distribution Amount.

After the distribution of the Senior Interest Distribution Amount, distributions of principal on the Senior Certificates on each distribution date will be made as follows:

(a) Prior to the occurrence of the Credit Support Depletion Date:

(i) the Class A-P Principal Distribution Amount shall be distributed to the Class A-P Certificates, until the Certificate Principal Balance of the

Class A-P Certificates has been reduced to zero;

(ii) the Senior Principal Distribution Amount shall be distributed in the following manner and priority:

(A) first, to the Class R Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero;

(B) second, to the Lockout Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balance of the Lockout Certificates has been reduced to zero, an amount equal to the Lockout Percentage of the Lockout Certificates' pro rata share (based on the aggregate Certificate Principal Balance thereof relative to the aggregate Certificate Principal Balance of all classes of Certificates (other than the Class A-P Certificates)) of the aggregate of the collections described in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of the Senior Principal Distribution Amount, without application of the Senior Percentage or the Senior Accelerated Distribution Percentage; provided, however, that if the aggregate of the amounts set forth in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of Senior Principal Distribution Amount is more than the balance of the Available Distribution Amount remaining after the Senior Interest Distribution Amount and the Class A-P Principal Distribution Amount have been distributed, the amount paid to the Lockout Certificates pursuant to this clause (a)(ii)(B) shall be reduced by an amount equal to the Lockout Certificates' pro rata share (based on the Certificate Principal Balance of the Lockout Certificates relative to the aggregate Certificate Principal Balance of the Senior Certificates (other than the Class A-P Certificates)) of such difference;

(C) third, any remaining amount to the Class A-1 Certificates, until the Certificate Principal Balance of the Class A-1 Certificates has been reduced to zero;

(D) fourth, any remaining amount to the Class A-2 Certificates, until the Certificate Principal Balance of the Class A-2 Certificates has been reduced to zero; and

(E) fifth, any remaining amount to the Class A-3 Certificates and Class A-4 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero.

(b) On or after the occurrence of the Credit Support Depletion Date, all priorities relating to distributions as described in clause (a) above relating to principal among the Senior Certificates will be disregarded. Instead, an amount equal to the Class A-P Distribution Amount will be distributed to the Class A-P Certificates, and then the Senior Principal Distribution Amount will be distributed to the Senior Certificates remaining, other than the Class A-P Certificates, pro rata in accordance with their respective outstanding Certificate Principal Balances; provided, however, that until reduction of the Certificate Principal Balance of the Senior Support Certificates to zero, the aggregate amount distributable to the Super Senior Certificates and Senior Support Certificates in respect of the aggregate Accrued Certificate Interest thereon and in respect of their aggregate pro rata portion of the Senior Principal Distribution Amount will be distributed among those certificates in the following priority: first, to the Super Senior Certificates, up to an amount equal to the Accrued Certificate Interest on the Super Senior Certificates; second, to the Super Senior Certificates, up to an amount equal to the Super Senior Optimal Principal Distribution Amount, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance thereof has been reduced to zero; third, to the Senior Support Certificates, up to an amount equal to the Accrued Certificate Interest thereon; and fourth, to the Senior Support Certificates, the remainder, until the Certificate Principal Balance thereof has been reduced to zero.

(c) After reduction of the Certificate Principal Balances of the Senior Certificates, other than the Class A-P Certificates, to zero but prior to the Credit Support Depletion Date, the Senior Certificates, other than the Class A-P Certificates, will be entitled to no further distributions of principal and the Available Distribution Amount will be paid solely to the holders of the Class A-P, Variable Strip, Class M and Class B Certificates, in each case as described in this prospectus supplement.

Principal Distributions on the Class M Certificates

Holders of each class of the Class M Certificates will be entitled to receive on each distribution date, to the extent of the portion of the Available Distribution Amount remaining after:

o the sum of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount is distributed;

- reimbursement is made to the master servicer for some Advances remaining unreimbursed following the final liquidation of the related mortgage loan to the extent described below under "Advances";

- the aggregate amount of Accrued Certificate Interest and principal required to be distributed to any class of Class M Certificates having a higher payment priority is distributed; and

- the aggregate amount of Accrued Certificate Interest required to be distributed to that class of Class M Certificates on that distribution date is distributed, a distribution allocable to principal in the sum of the following:

(i) the product of (A) the then-applicable related Class M Percentage and (B) the aggregate of the following amounts:

(1) the principal portion of all scheduled monthly payments on the mortgage loans, other than the related Discount Fraction of the principal portion of those payments with respect to a Discount Mortgage Loan, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to a Discount Mortgage Loan, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of the proceeds with respect to a Discount Mortgage Loan, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal amount of those unscheduled collections, with respect to a Discount Mortgage Loan;

(ii) that class' pro rata share, based on the Certificate Principal Balance of each class of Class M Certificates and Class B Certificates then outstanding, of all amounts received in connection with the Final Disposition of a mortgage loan, other than the related Discount Fraction of those amounts with respect to a Discount Mortgage Loan, (x) that occurred during the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, to the extent applied as recoveries of principal and to the extent not otherwise payable to the Senior Certificates;

(iii) the portion of mortgagor prepayments in full made by the respective mortgagors during the related Prepayment Period and the portion of partial mortgagor prepayments made by the respective mortgagors during the preceding calendar month, other than the Discount Fraction of those mortgagor prepayments with respect to a Discount Mortgage Loan, allocable to that class of Class M Certificates as described in the third succeeding paragraph;

(iv) if that class is the most senior class of certificates then outstanding with a Certificate Principal Balance greater than zero, an amount equal to the Excess Subordinate Principal Amount, if any; and

(v) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to any class of Class M Certificates with a lower payment priority or the Class B Certificates; minus

(vi) the Capitalization Reimbursement Amount for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan, multiplied by a fraction, the numerator of which is the principal distribution amount for such class of Class M Certificates, without giving effect to this clause (vi), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates other than the Class A-P Certificates, without giving effect to any reductions for the Capitalization Reimbursement Amount.

References in this prospectus supplement to "payment priority" of the Class M Certificates refer to a payment priority among those classes of certificates as follows: first, to the Class M-1 Certificates; second, to the Class M-2 Certificates; and third, to the Class M-3 Certificates.

As to each class of Class M Certificates, on any distribution date, any Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will be distributable to the extent of available funds. Notwithstanding the foregoing, if the Certificate Principal Balances of the Class B Certificates have been reduced to zero, on any distribution date, with respect to the class of Class M Certificates outstanding on that distribution date with a Certificate Principal Balance greater than zero with the lowest payment priority, Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will not be distributable, except in the limited circumstances provided in the pooling and servicing agreement.

All mortgagor prepayments not otherwise distributable to the Senior Certificates will be allocated on a pro rata basis among the class of Class M Certificates with the highest payment priority then outstanding with a Certificate Principal Balance greater than zero and each other class of Class M Certificates and Class B Certificates for which certain loss levels established for that class in the pooling and servicing agreement have not been exceeded. The related loss level on any distribution date would be satisfied as to any Class M-2, Class M-3 or Class B Certificates, respectively, only if the sum of the current percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto were at least equal to the sum of the initial percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto.

As stated above under "-Principal Distributions on the Senior Certificates," the Senior Accelerated Distribution Percentage will be 100% during the first five years after the closing date, unless the Certificate Principal Balances of the Senior Certificates, other than the Class A-P Certificates, are reduced to zero before the end of that five-year period, and will thereafter equal 100% whenever the Senior Percentage exceeds the initial Senior Percentage. Furthermore, as described in this prospectus supplement, the Senior Accelerated Distribution Percentage will exceed the Senior Percentage during the sixth through ninth years following the closing date, and scheduled reductions to the Senior Accelerated Distribution Percentage may be postponed due to the loss and delinquency experience of the mortgage loans. Accordingly, each class of the Class M Certificates will not be entitled to any mortgagor prepayments for at least the first five years after the closing date, unless the Certificate Principal Balances of the Senior Certificates (other than the Class A-P Certificates) have been reduced to zero before the end of such period, and may receive no mortgagor prepayments or a disproportionately small portion of mortgagor prepayments relative to the related Class M Percentage during certain periods after this five year period. See "-Principal Distributions on the Senior Certificates" in this prospectus supplement.

Allocation of Losses; Subordination

The subordination provided to the Senior Certificates by the Class B Certificates and Class M Certificates and the subordination provided to each

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class of Class M Certificates by the Class B Certificates and by any class of Class M Certificates subordinate thereto will cover Realized Losses on the mortgage loans that are Defaulted Mortgage Losses, Fraud Losses, Bankruptcy Losses and Special Hazard Losses. Any Realized Losses which are not Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses will be allocated as follows:

- first, to the Class B Certificates;
- second, to the Class M-3 Certificates;
- third, to the Class M-2 Certificates; and
- fourth, to the Class M-1 Certificates;

in each case until the Certificate Principal Balance of that class of certificates has been reduced to zero; and thereafter, if any Realized Loss is on a Discount Mortgage Loan, to the Class A-P Certificates in an amount equal to the related Discount Fraction of the principal portion of the Realized Loss until the Certificate Principal Balance of the Class A-P Certificates has been reduced to zero, and the remainder of the Realized Losses on Discount Mortgage Loans and the entire amount of Realized Losses on Non-Discount Mortgage Loans will be allocated among all the remaining classes of Senior Certificates on a pro rata basis; provided, however, that such losses otherwise allocable to the Super Senior Certificates will be allocated to the Senior Support Certificates until the Certificate Principal Balance of the Senior Support Certificates has been reduced to zero.

Any allocation of a Realized Loss, other than a Debt Service Reduction, to a certificate will be made by reducing:

- its Certificate Principal Balance, in the case of the principal portion of the Realized Loss, in each case until the Certificate Principal Balance of that class has been reduced to zero, provided that no reduction shall reduce the aggregate Certificate Principal Balance of the certificates below the aggregate stated principal balance of the mortgage loans, and
- the Accrued Certificate Interest thereon, in the case of the interest portion of the Realized Loss, by the amount so allocated as of the distribution date occurring in the month following the calendar month in which the Realized Loss was incurred.

In addition, any allocation of a Realized Loss to a Class M Certificate may also be made by operation of the payment priority to the Senior Certificates described under "-Principal Distributions on the Senior Certificates" and any class of Class M Certificates with a higher payment priority.

As used in this prospectus supplement, subordination refers to the provisions discussed above for the sequential allocation of Realized Losses among the various classes, as well as all provisions effecting those allocations including the priorities for distribution of cash flows in the amounts described in this prospectus supplement.

In instances in which a mortgage loan is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interest of the certificateholders, the master servicer or subservicer may permit servicing modifications of the mortgage loan rather than

proceeding with foreclosure, as described under "Description of the Certificates-Servicing and Administration of Mortgage Collateral" in the prospectus. However the master servicer's and the subservicer's ability to perform servicing modifications will be subject to some limitations, including but not limited to the following. Advances and other amounts may be added to the outstanding principal balance of a mortgage loan only once during the life of a mortgage loan. Any amounts added to the principal balance of the mortgage loan, or capitalized amounts added to the mortgage

loan, will be required to be fully amortized over the remaining term of the mortgage loan. All capitalizations are to be implemented in accordance with Residential Funding's program guide and may be implemented only by subservicers that have been approved by the master servicer for that purpose. The final maturity of any mortgage loan shall not be extended beyond the assumed final distribution date. No servicing modification with respect to a mortgage loan will have the effect of reducing the mortgage rate below one-half of the mortgage rate as in effect on the cut-off date, but not less than the servicing fee rate. Further, the aggregate current principal balance of all mortgage loans subject to modifications can be no more than five percent (5%) of the aggregate principal balance of the mortgage loans as of the cut-off date, but this limit may increase from time to time with the consent of the rating agencies.

Any Advances made on any mortgage loan will be reduced to reflect any related servicing modifications previously made. The mortgage rate and Net Mortgage Rate as to any mortgage loan will be deemed not reduced by any servicing modification, so that the calculation of Accrued Certificate Interest payable on the offered certificates will not be affected by the servicing modification.

Allocations of the principal portion of Debt Service Reductions to each class of Class M Certificates and Class B Certificates will result from the priority of distributions of the Available Distribution Amount as described in this prospectus supplement, which distributions shall be made first to the Senior Certificates, second to the Class M Certificates in the order of their payment priority and third to the Class B Certificates. An allocation of the interest portion of a Realized Loss as well as the principal portion of Debt Service Reductions will not reduce the level of subordination, as that term is defined in this prospectus supplement, until an amount in respect thereof has been actually disbursed to the Senior Certificateholders or the Class M Certificateholders, as applicable.

The holders of the offered certificates will not be entitled to any additional payments with respect to Realized Losses from amounts otherwise distributable on any classes of certificates subordinate thereto, except in limited circumstances in respect of any Excess Subordinate Principal Amount, or in the case of Class A-P Collection Shortfalls, to the extent of Eligible Funds. Accordingly, the subordination provided to the Senior Certificates, other than the Class A-P Certificates, and to each class of Class M Certificates by the respective classes of certificates subordinate thereto with respect to Realized Losses allocated on any distribution date will be effected primarily by increasing the Senior Percentage, or the respective Class M Percentage, of future distributions of principal of the remaining mortgage loans. Because the Discount Fraction of each Discount Mortgage Loan will not change over time, the protection from losses provided to the Class A-P Certificates by the Class M Certificates and Class B Certificates is limited to the prior right of the Class A-P Certificates to receive distributions in respect of principal as described in this prospectus supplement. Furthermore, principal losses on the mortgage loans that are not covered by subordination will be allocated to the Class A-P Certificates only to the extent they occur on a Discount Mortgage Loan and only to the extent of the related Discount Fraction of those losses. The allocation of principal losses on the Discount Mortgage Loans may result in those losses being allocated in an amount that is greater or less than would have been the case had those losses been allocated in proportion to the Certificate Principal Balance of the Class A-P Certificates. Thus, the Senior Certificates, other than the Class A-P Certificates, will bear the entire amount of losses that are not allocated to the Class M Certificates and Class B Certificates, other than the amount allocable to the Class A-P Certificates, which losses will be allocated among all classes of Senior Certificates, other than the Class A-P Certificates, as described in this prospectus supplement.

Because the Class A-P Certificates are entitled to receive in connection with the Final Disposition of a Discount Mortgage Loan, on any distribution date, an amount equal to all unpaid Class A-P Collection Shortfalls to the extent of Eligible Funds on that distribution date, shortfalls in distributions of principal on any class of Class M Certificates could occur under some circumstances, even if that class is not the most subordinate class of certificates then outstanding with a Certificate Principal Balance greater than zero.

Any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses, Extraordinary Losses or other losses of a type not covered by subordination on Non-Discount Mortgage Loans will be allocated on a pro rata basis among the Senior Certificates, other than the Class A-P Certificates, Class M Certificates and Class B Certificates. Any Realized Losses so allocated to the Senior Certificates or Class M Certificates will be allocated without priority among the various classes of Senior Certificates, other than the Class A-P Certificates, or Class M Certificates; provided, however, that such losses otherwise allocable to the Super Senior Certificates will be allocated to the Senior Support Certificates until the Certificate Principal Balance of the Senior Support Certificates has been reduced to zero. The principal portion of these losses on Discount Mortgage Loans will be allocated to the Class A-P Certificates in an amount equal to their related Discount Fraction, and the remainder of the losses on Discount Mortgage Loans will be allocated among the remaining certificates on a pro

rata basis; provided, however, that such losses otherwise allocable to the Super Senior Certificates will be allocated to the Senior Support Certificates until the Certificate Principal Balance of the Senior Support Certificates has been reduced to zero.

An allocation of a Realized Loss on a "pro rata basis" among two or more classes of certificates means an allocation to each of those classes of certificates on the basis of its then outstanding Certificate Principal Balance prior to giving effect to distributions to be made on that distribution date in the case of an allocation of the principal portion of a Realized Loss, or based on the Accrued Certificate Interest thereon in respect of that distribution date in the case of an allocation of the interest portion of a Realized Loss.

In order to maximize the likelihood of distribution in full of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, on each distribution date, holders of Senior Certificates have a right to distributions of the Available Distribution Amount that is prior to the rights of the holders of the Class M Certificates and Class B Certificates, to the extent necessary to satisfy the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount. Similarly, holders of the Class M Certificates have a right to distributions of the Available Distribution Amount prior to the rights of holders of the Class B Certificates and holders of any class of Class M Certificates with a lower payment priority. In addition, holders of the Super Senior Certificates will have a right, on each distribution date occurring on or after the Credit Support Depletion Date, to that portion of the Available Distribution Amount otherwise allocable to the Senior Support Certificates to the extent necessary to satisfy the Accrued Certificate Interest on the Super Senior Certificates and the Super Senior Optimal Principal Distribution Amount.

The application of the Senior Accelerated Distribution Percentage, when it exceeds the Senior Percentage, to determine the Senior Principal Distribution Amount will accelerate the amortization of the Senior Certificates, other than the Class A-P Certificates, in the aggregate relative to the actual amortization of the mortgage loans. The Class A-P Certificates will not receive more than the Discount Fraction of any unscheduled payment relating to a Discount Mortgage Loan. To the extent that the Senior Certificates in the aggregate, other than the Class A-P Certificates, are amortized faster than the mortgage loans, in the absence of offsetting Realized Losses allocated to the Class M Certificates and Class B Certificates, the percentage interest evidenced by the Senior Certificates in the trust will be decreased, with a corresponding increase in the interest in the trust evidenced by the Class M and Class B Certificates, thereby increasing, relative to their respective Certificate Principal Balances, the subordination afforded the Senior Certificates by the Class M Certificates and Class B Certificates collectively. In addition, if losses on the mortgage loans exceed the amounts described in this prospectus supplement under "-Principal Distributions on the Senior Certificates," a greater percentage of full and partial mortgagor prepayments will be allocated to the Senior Certificates in the aggregate, other than the Class A-P Certificates, than would otherwise be the case, thereby accelerating the amortization of the Senior Certificates relative to the Class M and Class B Certificates.

The priority of payments, including principal prepayments, among the Class M Certificates, as described in this prospectus supplement, also has the effect during some periods, in the absence of losses, of decreasing the percentage interest evidenced by any class of Class M Certificates with a higher payment priority, thereby increasing, relative to its Certificate Principal Balance, the subordination afforded to that class of the Class M Certificates by the Class B Certificates and any class of Class M Certificates with a lower payment priority.

The Special Hazard Amount shall initially be equal to $[_____]. As of any date of determination following the cut-off date, the Special Hazard Amount shall equal $[_____] less the sum of any amounts allocated through subordination relating to Special Hazard Losses. In addition, the Special Hazard Amount will be further reduced from time to time to an amount, if lower, that is not less than 1% of the outstanding principal balance of the mortgage loans.

The Fraud Loss Amount shall initially be equal to $[_____]. The Fraud Loss Amount shall be reduced over the first five years after the closing date in accordance with the terms of the pooling and servicing agreement. After the first five years after the closing date, the Fraud Loss Amount will be zero.

The Bankruptcy Amount will initially be equal to $[_____]. As of any date of determination prior to the first anniversary of the cut-off date, the Bankruptcy Amount will equal $[_____] less the sum of any amounts allocated through subordination for such losses up to such date of determination. As of any date of determination on or after the first anniversary of the cut-off date, the Bankruptcy Amount will equal the excess, if any, of (1) the lesser of (a) the Bankruptcy Amount as of the business day next preceding the most recent anniversary of the cut-off date and (b) an amount calculated under the terms of the pooling and servicing agreement, which amount as calculated will provide for a reduction in the Bankruptcy Amount, over (2) the aggregate amount of Bankruptcy Losses allocated solely to the Class M Certificates or Class B Certificates through subordination

since that anniversary.

Notwithstanding the foregoing, the provisions relating to subordination will not be applicable in connection with a Bankruptcy Loss so long as the master servicer has notified the trustee in writing that:

- the master servicer is diligently pursuing any remedies that may exist in connection with the representations and warranties made regarding the related mortgage loan; and
- either:
  - the related mortgage loan is not in default with regard to payments due thereunder; or
  - delinquent payments of principal and interest under the related mortgage loan and any premiums on any applicable standard hazard insurance policy and any related escrow payments relating to that mortgage loan are being advanced on a current basis by the master servicer or a subservicer.

The Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be further reduced as described in the prospectus under "Subordination."

Advances

Prior to each distribution date, the master servicer is required to make Advances of payments which were due on the mortgage loans on the Due Date in the related Due Period and not received on the business day next preceding the related determination date.

These Advances are required to be made only to the extent they are deemed by the master servicer to be recoverable from related late collections, Insurance Proceeds, Liquidation Proceeds or amounts otherwise payable to the holders of the Class B Certificates or Class M Certificates. Recoverability is determined in the context of existing outstanding arrearages, the current loan-to-value ratio and an assessment of the fair market value of the related mortgaged property. The purpose of making these Advances is to maintain a regular cash flow to the certificateholders, rather than to guarantee or insure against losses. The master servicer will not be required to make any Advances with respect to reductions in the amount of the monthly payments on the mortgage loans due to Debt Service Reductions or the application of the Relief Act or similar legislation or regulations. Any failure by the master servicer to make an Advance as required under the pooling and servicing agreement will constitute an event of default thereunder, in which case the trustee, as successor master servicer, will be obligated to make any Advance, in accordance with the terms of the pooling and servicing agreement.

All Advances will be reimbursable to the master servicer on a first priority basis from either (a) late collections, Insurance Proceeds and Liquidation Proceeds from the mortgage loan as to which such unreimbursed Advance was made or (b) as to any Advance that remains unreimbursed in whole or in part following the final liquidation of the related mortgage loan, from any amounts otherwise distributable on any of the Class B Certificates or Class M Certificates; provided, however, that any Advances that were made with respect to delinquencies which ultimately were determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses are reimbursable to the master servicer out of any funds in the Custodial Account prior to distributions on any of the certificates and the amount of those losses will be allocated as described in this prospectus supplement.

The effect of these provisions on any class of the Class M Certificates is that, with respect to any Advance which remains unreimbursed following the final liquidation of the related mortgage loan, the entire amount of the reimbursement for that Advance will be borne first by the holders of the Class B Certificates or any class of Class M Certificates having a lower payment priority to the extent that the reimbursement is covered by amounts otherwise distributable to those classes, and then by the holders of that class of Class M Certificates, except as provided above, to the extent of the amounts otherwise distributable to them. In addition, if the Certificate Principal Balances of the Class M Certificates and Class B Certificates have been reduced to zero, any Advances previously made which are deemed by the master servicer to be nonrecoverable from related late collections, Insurance Proceeds and Liquidation Proceeds may be reimbursed to the master servicer out of any funds in the Custodial Account prior to distributions on the Senior Certificates.

The pooling and servicing agreement provides that the master servicer may enter into a facility with any person which provides that such person, or the advancing person, may directly or indirectly fund Advances and/or Servicing Advances, although no such facility will reduce or otherwise affect the master servicer's obligation to fund these Advances and/or Servicing Advances. No facility will require the consent of the certificateholders or the trustee. Any Advances and/or Servicing Advances made by an advancing person would be reimbursed to the advancing person under the same provisions pursuant to which reimbursement would be made to the master servicer if those advances were funded by the master servicer, but on a priority basis in favor of the advancing person as opposed to the master servicer or any successor master servicer, and without being subject to any right of offset that the trustee or the trust might have against the master servicer or any successor master servicer.

Residual Interests

Holders of the Class R Certificates will be entitled to receive any residual cash flow from the mortgage pool, which is not expected to be significant. The Class R Certificates will not be entitled to any payments

other than their nominal principal amount and accrued interest on that amount unless the aggregate amount received by the issuing entity with respect to the mortgage loans exceeds the aggregate amount payable to the other Certificateholders, which is highly unlikely. A holder of Class R Certificates will not have a right to alter the structure of this transaction. The Class R Certificates may be retained by the Depositor or transferred to any of its affiliates, subsidiaries of the sponsor or any other party.

[The Yield Maintenance Agreement

The holders of the Class A, Class M and Class B Certificates may benefit from a series of interest rate cap payments from the Yield Maintenance Provider pursuant to a yield maintenance agreement. The yield maintenance agreement is intended to partially mitigate for the first [___] distribution dates following the distribution date in [_____], the interest rate risk that could result from the difference between (a) One Month LIBOR plus the related Margin and (b) the weighted average net mortgage rate of the mortgage loans (without any adjustment to account for payments required to be made under the yield maintenance agreement, if any).

On each distribution date, payments under the yield maintenance agreement will be made based on (a) an amount equal to the Yield Maintenance Agreement Notional Balance for that distribution date and (b) the positive excess of (i) the lesser of (x) One-Month LIBOR and (y) 10.00% per annum, over (ii) the Monthly Strike Rate, calculated on an actual/360-day basis.

Interest shortfalls with respect to any distribution date caused by the failure of the yield maintenance agreement provider to make required payments pursuant to the yield maintenance agreement will be deducted from Accrued Certificate Interest on the related certificates for that distribution date, will become Basis Risk Shortfalls and will be payable solely in the amounts and priority described under [_____].]

Certain Yield and Prepayment Considerations

General

The yield to maturity on each class of offered certificates will be primarily affected by the following factors:

- the rate and timing of principal payments on the mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments among the various classes of offered certificates;
- realized losses and interest shortfalls on the mortgage loans;
- the pass-through rate on the offered certificates; and
- the purchase price paid for the offered certificates.

For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Prepayment Considerations

The yields to maturity and the aggregate amount of distributions on the offered certificates will be affected by the rate and timing of principal payments on the mortgage loans. The yields may be adversely affected by a higher or lower than anticipated rate of principal payments on the mortgage loans in the trust. The rate of principal payments on the mortgage loans will in turn be affected by the amortization schedules of the mortgage loans, the rate and timing of mortgagor prepayments on the mortgage loans by the mortgagors, liquidations of defaulted mortgage loans and purchases of mortgage loans due to breaches of some representations and warranties.

The timing of changes in the rate of prepayments, liquidations and purchases of the mortgage loans may significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In addition, the rate of prepayments of the mortgage loans and the yields to investors on the certificates may be affected by refinancing programs, which may include general or targeted solicitations, as described under "Maturity and Prepayment Considerations" in the prospectus. Since the rate and timing of principal payments on the mortgage loans will depend on future events and on a variety of factors, as described in this prospectus supplement and in the prospectus under "Yield Considerations" and "Maturity and Prepayment Considerations", no assurance can be given as to the rate or the timing of principal payments on the offered certificates.

The mortgage loans in most cases may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty, although 4.9% of the mortgage loans by aggregate principal balance provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment of those mortgage loans. See "Description of the Mortgage Pool-Mortgage Pool Characteristics" in this prospectus supplement.

Some state laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. It is possible that prepayment charges and late fees may not be collected even on mortgage loans that provide for the payment of these charges. In any case, these amounts will not be available for distribution on the offered certificates. See "Certain Legal Aspects of Mortgage Loans and Contracts-Default Interest and Limitations on Prepayments" in the prospectus.

Prepayments, liquidations and purchases of the mortgage loans will result in distributions to holders of the offered certificates of principal amounts which would otherwise be distributed over the remaining terms of the mortgage loans. Factors affecting prepayment, including defaults and liquidations, of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment, mortgagors' net equity in the mortgaged properties, changes in

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the value of the mortgaged properties, mortgage market interest rates, solicitations and servicing decisions. In addition, if prevailing mortgage rates fell significantly below the mortgage rates on the mortgage loans, the rate of prepayments, including refinancings, would be expected to increase. Conversely, if prevailing mortgage rates rose significantly above the mortgage rates on the mortgage loans, the rate of prepayments on the mortgage loans would be expected to decrease.

The rate of defaults on the mortgage loans will also affect the rate and timing of principal payments on the mortgage loans. In general, defaults on mortgage loans are expected to occur with greater frequency in their early years. As a result of the program criteria and underwriting standards applicable to the mortgage loans, the mortgage loans may experience rates of delinquency, foreclosure, bankruptcy and loss that are higher than those experienced by mortgage loans that satisfy the standards applied by Fannie Mae and Freddie Mac first mortgage loan purchase programs, or by Residential Funding for the purpose of acquiring mortgage loans to collateralize securities issued by Residential Funding Mortgage Securities I, Inc. For example, the rate of default on mortgage loans that are secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans made to borrowers with high debt-to-income ratios, and mortgage loans with high LTV ratios, may be higher than for other types of mortgage loans. See "Description of the Mortgage Pool-The Program" in this prospectus supplement. Furthermore, the rate and timing of prepayments, defaults and liquidations on the mortgage loans will be affected by the general economic condition of the region of the country in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. See "Maturity and Prepayment Considerations" in the prospectus.

Most of the mortgage loans contain due-on-sale clauses. The terms of the pooling and servicing agreement generally require the master servicer or any subservicer, as the case may be, to enforce any due-on-sale clause to the extent it has knowledge of the conveyance or the proposed conveyance of the underlying mortgaged property and to the extent permitted by applicable law, except that any enforcement action that would impair or threaten to impair any recovery under any related insurance policy will not be required or permitted.

Allocation of Principal Payments

The yields to maturity on the offered certificates will be affected by the allocation of principal payments among the offered certificates. As described under "Description of the Certificates-Principal Distributions on the Senior Certificates" and "-Principal Distributions on the Class M Certificates" in this prospectus supplement, during specified periods all principal prepayments on the mortgage loans will be allocated among the Senior Certificates, other than the Variable Strip Certificates and Class A-P Certificates, and during specified periods no principal prepayments or, relative to the related pro rata share, a disproportionately small portion of principal prepayments on the mortgage loans will be distributed to each class of Class M Certificates. In addition to the foregoing, if on any distribution date, the loss level established for the Class M-2 Certificates or Class M-3 Certificates is exceeded and a class of Class M Certificates having a higher payment priority is then outstanding with a Certificate Principal Balance greater than zero, the Class M-2 Certificates or Class M-3 Certificates, as the case may be, will not receive distributions relating to principal prepayments on that distribution date.

Approximately [____]% of the mortgage loans have an interest only period not exceeding ten years. During this period, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal payments will be made to the related certificates from these mortgage loans during their interest only period except in the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans will increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a

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traditional mortgage loan is relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Senior Certificates: The Senior Certificates, other than the Class A-P Certificates and Variable Strip Certificates, are entitled to receive distributions in accordance with various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on classes having an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of the mortgage pool. The timing of commencement of principal distributions and the weighted average lives of certificates with a later priority of payment will be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes. Holders of any class of Senior Certificates with a longer weighted average life bear a greater risk of loss than holders of Senior Certificates with a shorter weighted average life because the Certificate Principal Balances of the Class M Certificates and Class B Certificates could be reduced to zero before the Senior Certificates are retired.

Lockout Certificates: Investors in the Lockout Certificates should be aware that, unless the Credit Support Depletion Date has occurred, the Lockout Certificates are not expected to receive any distributions of principal prior to the distribution date occurring in [_____], and until the distribution date occurring in [_____] will receive a disproportionately small portion of principal payments, unless the Certificate Principal Balances of the Senior Certificates, other than the Lockout Certificates and Class A-P Certificates, have been reduced to zero. Consequently, the weighted average lives of the Lockout Certificates will be longer than would otherwise be the case. The effect on the market value of the Lockout Certificates of changes in market interest rates or market yields for similar securities will be greater than for other classes of Senior Certificates entitled to earlier principal distributions.

Certificates with Subordination Features: After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M Certificates. See "Class M-2 and Class M-3 Certificate Yield Considerations" below. After the Credit Support Depletion Date, the yield to maturity of the Senior Support Certificates will be extremely sensitive to losses on the mortgage loans, and the timing thereof, because the entire amount of losses that would be allocable to the Super Senior Certificates will be allocated to the Senior Support Certificates. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having earlier priority for distribution of principal.

Realized Losses and Interest Shortfalls

The yields to maturity and the aggregate amount of distributions on the offered certificates will be affected by the timing of mortgagor defaults resulting in Realized Losses. The timing of Realized Losses on the mortgage loans and the allocation of Realized Losses to the offered certificates could significantly affect the yield to an investor in the offered certificates. In addition, Realized Losses on the mortgage loans may affect the market value of the offered certificates, even if these losses are not allocated to the offered certificates.

After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M

Certificates. See "-Class M-2 and Class M-3 Certificate Yield Considerations" below. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having earlier priority for distribution of principal.

As described under "Description of the Certificates-Allocation of Losses; Subordination" and "-Advances," amounts otherwise distributable to holders of one or more classes of the Class M Certificates may be made available to protect the holders of the Senior Certificates and holders of any Class M Certificates with a higher payment priority against interruptions in distributions due to some mortgagor delinquencies, to the extent not covered by Advances. These delinquencies may affect the yields to investors on those classes of the Class M Certificates, and, even if subsequently cured, may affect the timing of the receipt of distributions by the holders of those classes of Class M Certificates. Similarly, if the Certificate Principal Balances of the Class M Certificates and Class B Certificates are reduced to zero, delinquencies on the mortgage loans to the extent not covered by Advances will affect the yield to investors on the Senior Support Certificates more than otherwise anticipated because the amount of any shortfall resulting from such delinquencies and otherwise attributable to the

Super Senior Certificates will be borne by the Senior Support Certificates to the extent those certificates are then outstanding as described in this prospectus supplement. Furthermore, the Class A-P Certificates will share in the principal portion of Realized Losses on the mortgage loans only to the extent that they are incurred with respect to Discount Mortgage Loans and only to the extent of the related Discount Fraction of those losses. Thus, after the Class B Certificates and the Class M Certificates are retired or in the case of Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, the Senior Certificates, other than the Class A-P Certificates, may be affected to a greater extent by losses on Non-Discount Mortgage Loans than losses on Discount Mortgage Loans. In addition, a higher than expected rate of delinquencies or losses will also affect the rate of principal payments on one or more classes of the Class M Certificates if it delays the scheduled reduction of the Senior Accelerated Distribution Percentage or affects the allocation of prepayments among the Class M Certificates and Class B Certificates.

The amount of interest otherwise payable to holders of the offered certificates will be reduced by any interest shortfalls to the extent not covered by subordination or the master servicer, including Prepayment Interest Shortfalls and, in the case of each class of the Class M Certificates, the interest portions of Realized Losses allocated solely to that class of certificates. These shortfalls will not be offset by a reduction in the servicing fees payable to the master servicer or otherwise, except as described in this prospectus supplement with respect to Prepayment Interest Shortfalls. See "Yield Considerations" in the prospectus and "Description of the Certificates-Interest Distributions" in this prospectus supplement for a discussion of the effect of principal prepayments on the mortgage loans on the yields to maturity of the offered certificates and possible shortfalls in the collection of interest.

The yields to investors in the offered certificates will be affected by Prepayment Interest Shortfalls allocable thereto on any distribution date to the extent that those shortfalls exceed the amount offset by the master servicer. See "Description of the Certificates-Interest Distributions" in this prospectus supplement.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. While the depositor expects that the master servicer or applicable subservicer will be able to commence foreclosure proceedings on the mortgaged properties, when necessary and appropriate, public recording officers and others in the mortgage industry, however, may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings, defending litigation commenced by third parties and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to the certificateholders and increase the amount of Realized Losses on the mortgage loans. In addition, if, as a result of MERS discontinuing or becoming unable to continue operations in connection with the MERS® System, it becomes necessary to remove any mortgage loan from registration on the MERS® System and to arrange for the assignment of the related mortgages to the trustee, then any related expenses shall be reimbursable by the trust to the master servicer, which will reduce the amount available to pay principal of and interest on the class or classes of certificates with Certificate Principal Balances greater than zero with the lowest payment priorities. For additional information regarding the

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recording of mortgages in the name of MERS see "Description of the Mortgage Pool-Mortgage Pool Characteristics" in this prospectus supplement and "Description of the Certificates-Assignment of Mortgage Loans" in the prospectus.

Pass-Through Rates

The yields to maturity on the offered certificates will be affected by their pass-through rates. Because the mortgage rates on the mortgage loans and the pass-through rates on the offered certificates, other than the Variable Strip Certificates, are fixed, these rates will not change in response to changes in market interest rates. The pass-through rate on the Variable Strip Certificates is based on the weighted average of the pool strip rates on the mortgage loans and these pool strip rates will not change in response to changes in market interest rates. Accordingly, if market interest rates or market yields for securities similar to the offered certificates were to rise, the market value of the offered certificates may decline.

Purchase Price

In addition, the yield to maturity on each class of the offered certificates will depend on, among other things, the price paid by the holders of the offered certificates. The extent to which the yield to maturity of an offered certificate is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a class of offered certificates is purchased at a premium and principal distributions thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. Conversely, if a class of offered certificates is purchased at a discount and principal distributions thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Sequentially Paying Certificates: The Senior Certificates, other than the Principal Only Certificates and Variable Strip Certificates, are entitled to

receive distributions in accordance with various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on classes having an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of the mortgage pool. The timing of commencement of principal distributions and the weighted average lives of certificates with a later priority of payment will be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes.

[Accretion Directed Certificates and Accrual Certificates: Prior to the Accretion Termination Date, the Accretion Directed Certificates and Accrual Certificates, as and to the extent described in this prospectus supplement, will receive as monthly principal distributions the Accrual Distribution Amount. Prior to the Accretion Termination Date, interest shortfalls allocated to the Accrual Certificates will reduce the amount added to the amount of those certificates relating to interest accrued on the certificates and will result in a corresponding reduction of the amount available for distributions relating to principal on the Accretion Directed Certificates and Accrual Certificates. Furthermore, because these interest shortfalls will result in the Certificate Principal Balance of the Accrual Certificates being less than it would otherwise be, the amount of interest that will accrue in the future on the Accrual Certificates and be available for distributions relating to principal on the Accretion Directed Certificates and Accrual Certificates will be reduced. Accordingly, the weighted average lives of the Accretion Directed Certificates and Accrual Certificates would be extended.]

Certificates with Subordination Features: After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates then outstanding with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by Subordination will be allocated to that class of Class M Certificates. See "-Class M-2 and Class M-3 Certificate Yield Considerations" below. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having earlier priority for distribution of principal.

Assumed Final Distribution Date

The assumed final distribution date with respect to each class of the offered certificates is [_____], which is the distribution date immediately following the latest scheduled maturity date for any mortgage loan. No event of default, change in the priorities for distribution among the various classes or other provisions under the pooling and servicing agreement will arise or become applicable solely by reason of the failure to retire the entire Certificate Principal Balance of any class of certificates on or before its assumed final distribution date.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in reduction of principal of the security. The weighted average life of the offered certificates will be influenced by, among other things, the rate at which principal of the mortgage loans is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The prepayment model used in this prospectus supplement, the prepayment assumption, represents an assumed rate of prepayment each month relative to the then outstanding principal balance of a pool of new mortgage loans. A 100% prepayment assumption assumes a constant prepayment rate, or CPR, of 10.0% per annum of the then outstanding principal balance of the mortgage loans in the first month of the life of the mortgage loans and approximately an additional 0.909090909% per annum in each month thereafter until the twelfth month. Beginning in the twelfth month and in each month thereafter during the life of the mortgage loans, a 100% prepayment assumption assumes a constant prepayment rate of 20.0% per annum each month. As used in the table below, a 0% prepayment assumption assumes prepayment rates equal to 0% of the prepayment assumption-no prepayments. Correspondingly, a 200% prepayment assumption assumes prepayment rates equal to 200% of the prepayment assumption, and so forth. The prepayment assumption does not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the mortgage loans.

The table captioned "Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of the Prepayment Assumption" has been prepared on the basis of assumptions as listed in this paragraph regarding the weighted average characteristics of the mortgage loans that are expected to be included in the trust as described under "Description of the Mortgage Pool" in this prospectus supplement and their performance. The table assumes, among other things, that: (i) as of the date of issuance of the offered certificates, the mortgage loans have the following characteristics:

Assumed Mortgage Loan Characteristics

	Discount Mortgage Loans	Non-Discount Mortgage Loans
Aggregate principal balance.....	$	
Weighted average mortgage rate.....		
Weighted average servicing fee rate.....		

Weighted average original term to maturity (months).....
Weighted average remaining term to maturity (months).....

(ii) the scheduled monthly payment for each mortgage loan has been based on its outstanding balance, mortgage rate and remaining term to maturity, so that the mortgage loan will amortize in amounts sufficient for its repayment over its remaining term to maturity; (iii) none of the unaffiliated sellers, Residential Funding or the depositor will repurchase any mortgage loan, as described under "The Trusts-Representations with Respect to Mortgage Collateral" and "The Trusts-Repurchases of Mortgage Collateral" in the prospectus, and the master servicer does not exercise any option to purchase the mortgage loans and thereby cause a termination of the trust; (iv) there

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are no delinquencies or Realized Losses on the mortgage loans, and principal payments on the mortgage loans will be timely received together with prepayments, if any, at the respective constant percentages of the prepayment assumption set forth in the table; (v) there is no Prepayment Interest Shortfall or any other interest shortfall in any month; (vi) payments on the certificates will be received on the 25th day of each month, commencing in [_____]; (vii) payments on the mortgage loans earn no reinvestment return; (viii) there are no additional ongoing trust expenses payable out of the trust; and (ix) the certificates will be purchased on [_____] 25, 200[___]. Clauses (i) through (ix) above are collectively referred to as the structuring assumptions.

The actual characteristics and performance of the mortgage loans will differ from the assumptions used in constructing the table below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the mortgage loans will prepay at a constant percentage of the prepayment assumption until maturity or that all of the mortgage loans will prepay at the same level of the prepayment assumption. Moreover, the diverse remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the table at the various constant percentages of the prepayment assumption specified, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed. Any difference between the assumptions and the actual characteristics and performance of the mortgage loans, or actual prepayment or loss experience, will affect the percentages of initial Certificate Principal Balances outstanding over time and the weighted average lives of the classes of offered certificates.

In accordance with the foregoing discussion and assumptions, the following table indicates the weighted average life of each class of offered certificates, other than the Variable Strip Certificates and Residual Certificates, and sets forth the percentages of the initial Certificate Principal Balance of each class of offered certificates that would be outstanding after each of the distribution dates at the various percentages of the prepayment assumption shown.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of the Prepayment Assumption

	Class A-1					Class A-2				
Distribution Date	0%	50%	100%	150%	200%	0%	50%	100%	150%	200%
	Class A-3 and Class A-4									
Initial Percentage.....										

Weighted Average
Life (in years)**

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* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

(Table continued on next page.)

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of the Prepayment Assumption

	Class A-P			Class M-1, Class M-2 and Class M-3					
Distribution Date	0%	50%	100%	150%	200%	0%	50%	100%	150%	200%
Initial Percentage.....										

Weighted Average Life (in years)**

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* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

(Table continued from prior page.)

Principal Only Certificate and Variable Strip Certificate Yield Considerations

Because the Principal Only Certificates will be purchased at a discount, the pre-tax yield on the Principal Only Certificates will be adversely affected by slower than expected payments of principal, including prepayments, defaults, liquidations and purchases of mortgage loans due to a breach of a representation and warranty on the Discount Mortgage Loans.

The pre-tax yield to maturity on the Variable Strip Certificates will be extremely sensitive to both the timing of receipt of prepayments and the

overall rate of principal prepayments and defaults on the Non-Discount Mortgage Loans, which rate may fluctuate significantly over time. Investors in the Variable Strip Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans could result in the failure of those investors to fully recover their investments.

The following tables indicate the sensitivity of the pre-tax yields to maturity on the Principal Only Certificates and Variable Strip Certificates to various constant rates of prepayment on the mortgage loans by projecting the monthly aggregate payments on the Principal Only Certificates and Variable Strip Certificates and computing the corresponding pre-tax yields to maturity on a corporate bond equivalent basis, based on the structuring assumptions, including the assumptions regarding the characteristics and performance of the mortgage loans, which differ from their actual characteristics and performance and assuming the aggregate purchase prices, including accrued interest, if any, set forth below. Any differences between the assumptions and the actual characteristics and performance of the mortgage loans and of the Principal Only Certificates and Variable Strip Certificates may result in yields being different from those shown in the tables. Discrepancies between assumed and actual characteristics and performance underscore the hypothetical nature of the tables, which are provided only to give a general sense of the sensitivity of yields in varying prepayment scenarios.

Pre-Tax Yield to Maturity of the Principal Only
Certificates at the Following Percentages of the Prepayment Assumption

Assumed Purchase Price	0%	50%	100%	150%	200%
$[_____]	[___]%	[___]%	[___]%	[___]%	[___]%

Pre-Tax Yield to Maturity of the Variable Strip
Certificates at the Following Percentages of the Prepayment Assumption

Assumed Purchase Price	0%	50%	100%	150%	200%
$[_____]	[___]%	[___]%	[___]%	[___]%	[___]%

Each pre-tax yield to maturity set forth in the preceding tables was calculated by determining the monthly discount rate which, when applied to the assumed stream of cash flows to be paid on the Principal Only Certificates and Variable Strip Certificates, as applicable, would cause the discounted present value of the assumed stream of cash flows to equal the assumed purchase price listed in the applicable table. Accrued interest, if any, is included in the assumed purchase price and is used in computing the corporate bond equivalent yields shown. These yields do not take into account the different interest rates at which investors may be able to reinvest funds received by them as distributions on the Principal Only Certificates and Variable Strip Certificates, and thus do not reflect the return on any investment in the Principal Only Certificates and Variable Strip Certificates when any reinvestment rates other than the discount rates are considered.

Notwithstanding the assumed prepayment rates reflected in the preceding tables, it is highly unlikely that the mortgage loans will be prepaid according to one particular pattern. For this reason, and because the timing of cash flows is critical to determining yields, the pre-tax yields to maturity on the Principal Only Certificates and Variable Strip Certificates are likely to differ from those shown in the tables, even if all of the mortgage loans prepay at the constant percentages of the prepayment assumption indicated in the tables above over any given time period or over the entire life of the certificates.

A lower than anticipated rate of principal prepayments on the Discount Mortgage Loans will have a material adverse effect on the pre-tax yield to maturity of the Class A-P Certificates. The rate and timing of principal prepayments on the Discount Mortgage Loans may differ from the rate and timing of principal prepayments on the mortgage pool. In addition, because the Discount Mortgage Loans have Net Mortgage Rates that are lower than the Net Mortgage Rates of the Non-Discount Mortgage Loans, and because mortgage loans with lower Net Mortgage Rates are likely to have lower mortgage rates, the Discount Mortgage Loans are likely to prepay under most circumstances at a lower rate than the Non-Discount Mortgage Loans. In addition, holders of the Variable Strip Certificates in most cases have rights to relatively larger portions of interest payments on mortgage loans with higher mortgage rates; thus, the yield on the Variable Strip Certificates will be materially adversely affected to a greater extent than on the other offered certificates if the mortgage loans with higher mortgage rates prepay faster than the mortgage loans with lower mortgage rates. Because mortgage loans having higher pool strip rates usually have higher mortgage rates, these mortgage loans are more likely to be prepaid under most circumstances than are mortgage loans having lower pool strip rates.

There can be no assurance that the mortgage loans will prepay at any particular rate or that the pre-tax yields on the Principal Only Certificates and Variable Strip Certificates will conform to the yields described in this prospectus supplement. Moreover, the various remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the preceding table at the various constant percentages of the prepayment assumption specified, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed. Investors are urged to make their investment decisions based on their determinations as to anticipated rates of prepayment under a variety of scenarios. Investors in the Variable Strip Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans could result in the failure of those investors to fully recover their investments.

For additional considerations relating to the yields on the certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Class M-2 and Class M-3 Certificate Yield Considerations

If the aggregate Certificate Principal Balance of the Class B Certificates is reduced to zero, the yield to maturity on the Class M-3 Certificates will become extremely sensitive to losses on the mortgage loans and the timing of those losses that are covered by subordination, because the entire amount of those losses will be allocated to the Class M-3 Certificates.

The aggregate initial Certificate Principal Balance of the Class B Certificates is equal to approximately [__]% of the aggregate principal balance of the mortgage loans as of the cut-off date. If the Certificate Principal Balances of the Class B Certificates and Class M-3 Certificates have been reduced to zero, the yield to maturity on the Class M-2 Certificates will become extremely sensitive to losses on the mortgage loans and the timing of those losses that are covered by subordination, because the entire amount of those losses will be allocated to the Class M-2 Certificates. The aggregate initial Certificate Principal Balance of the Class M-3 Certificates and Class B Certificates is equal to approximately [____]% of the aggregate principal balance of the mortgage loans as of the cut-off date.

Defaults on mortgage loans may be measured relative to a default standard or model. The model used in this prospectus supplement, the standard default assumption, represents an assumed rate of default each month relative to the then outstanding performing principal balance of a pool of new mortgage loans. A default assumption of 100% SDA assumes constant default rates of 0.02% per annum of the then outstanding principal balance of the mortgage loans in the first month of the life of the mortgage loans and an additional 0.02% per annum in each month thereafter until the 30th month. Beginning in the 30th month and in each month thereafter through the 60th month of the life of the mortgage loans, 100% SDA assumes a constant default rate of 0.60% per annum each month. Beginning in the 61st month and in each month thereafter through the 120th month of the life of the mortgage loans,

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100% SDA assumes that the constant default rate declines each month by 0.0095% per annum, and that the constant default rate remains at 0.03% per annum in each month after the 120th month. For the purposes of the tables below, it is assumed that there is no delay between the default and liquidation of the mortgage loans. As used in the table below, "0% SDA" assumes default rates equal to 0% of SDA-no defaults. Correspondingly, "200% SDA" assumes default rates equal to 200% of SDA, and so forth. SDA does not purport to be a historical description of default experience or a prediction of the anticipated rate of default of any pool of mortgage loans, including the mortgage loans in this mortgage pool.

The following tables indicate the sensitivity of the yields to maturity on the Class M-2 Certificates and Class M-3 Certificates to various rates of prepayment and varying levels of aggregate Realized Losses by projecting the monthly aggregate cash flows on the Class M-2 Certificates and Class M-3 Certificates and computing the corresponding pre-tax yield to maturity on a corporate bond equivalent basis. The tables are based on the structuring assumptions, except assumption (iv), including the assumptions regarding the characteristics and performance of the mortgage loans, which differ from their actual characteristics and performance, and assuming further that:

- o defaults and final liquidations on the mortgage loans occur on the last day of each month at the respective SDA percentages set forth in the tables;
- o each liquidation results in a Realized Loss allocable to principal equal to the percentage indicated, the loss severity percentage, multiplied by the principal balances of the mortgage loans assumed to be liquidated;
- o there are no delinquencies on the mortgage loans, and principal payments on the mortgage loans, other than those on mortgage loans assumed to be liquidated, will be timely received together with prepayments, if any, at the respective constant percentages of the prepayment assumption set forth in the table;
- o there are no Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses;
- o clauses (a)(i), (b)(i) and (b)(ii) in the definition of the Senior Accelerated Distribution Percentage are not applicable; and
- o the purchase prices of the Class M-2 Certificates and Class M-3 Certificates will be approximately $[_____] and $[_____], respectively, including accrued interest.

Investors should also consider the possibility that aggregate losses incurred may not in fact be materially reduced by higher prepayment speeds because mortgage loans that would otherwise ultimately default and be liquidated may be less likely to be prepaid. In addition, investors should be aware that the following tables are based upon the assumption that the Class M-2 Certificates and Class M-3 Certificates are priced at a discount. Since prepayments will occur at par, the yield on the Class M-2 Certificates and Class M-3 Certificates may increase due to those prepayments, even if losses occur. Any differences between the assumptions and the actual characteristics and performance of the mortgage loans and of the certificates may result in yields different from those shown in the tables. Discrepancies between assumed and actual characteristics and performance underscore the hypothetical nature of the tables, which are provided only to give a general sense of the sensitivity of yields in varying Realized Loss and prepayment

scenarios.

Sensitivity of Pre-Tax Yield to Maturity of the
Class M-2 Certificates and Class M-3 Certificates
to Prepayments and Realized Losses

Class M-2 Certificates

		Percentage of the Prepayment Assumption				
Percentage of SDA	Loss Severity Percentage	0%	50%	100%	150%	200%
0%	N/A					
100%						
200%						
300%						
400%						

Class M-3 Certificates

		Percentage of the Prepayment Assumption				
Percentage of SDA	Loss Severity Percentage	0%	50%	100%	150%	200%
0%						
100%						
200%						
300%						
400%						

Each pre-tax yield to maturity listed in the preceding tables was calculated by determining the monthly discount rate which, when applied to the assumed stream of cash flows to be paid on the Class M-2 Certificates or Class M-3 Certificates, as applicable, would cause the discounted present value of the assumed stream of cash flows to equal the assumed purchase price referred to above, and converting that rate to a corporate bond equivalent yield. Accrued interest is included in the assumed purchase price and is used in computing the corporate bond equivalent yields shown. These yields do not take into account the different interest rates at which investors may be able to reinvest funds received by them as distributions on the Class M-2 Certificates or Class M-3 Certificates, and thus do not reflect the return on any investment in the Class M-2 Certificates or Class M-3 Certificates when any reinvestment rates other than the discount rates set forth in the preceding tables are considered.

The following table sets forth the amount of Realized Losses that would be incurred with respect to the certificates in the aggregate under each of the scenarios in the preceding tables, expressed as a percentage of the aggregate outstanding principal balance of the mortgage loans as of the cut-off date, after deducting payments of principal due during the month of the cut-off date:

Aggregate Realized Losses

		Percentage of the Prepayment Assumption				
Percentage of SDA	Loss Severity Percentage	0%	50%	100%	150%	200%
100%						
200%						
300%						
400%						

Notwithstanding the assumed percentages of SDA, loss severity and prepayment reflected in the preceding table, it is highly unlikely that the mortgage loans will be prepaid or that Realized Losses will be incurred according to one particular pattern. For this reason, and because the timing of cash flows is critical to determining yields, the actual pre-tax yields to maturity on the Class M-2 Certificates and Class M-3 Certificates are likely to differ from those shown in the tables. There can be no assurance that the mortgage loans will prepay at any particular rate or that Realized Losses will be incurred at any particular level or that the yield on the Class M-2 Certificates or Class M-3 Certificates will conform to the yields described in this prospectus supplement. Moreover, the various remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the preceding tables at the various constant percentages of the prepayment assumption specified, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed.

Investors are urged to make their investment decisions based on their determinations as to anticipated rates of prepayment and Realized Losses under a variety of scenarios. Investors in the Class M-2 Certificates and particularly in the Class M-3 Certificates should fully consider the risk that Realized Losses on the mortgage loans could result in the failure of those investors to fully recover their investments. For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the

prospectus.

Additional Yield Considerations Applicable Solely to the Residual Certificates

The Residual Certificateholders' after-tax rate of return on their Residual Certificates will reflect their pre-tax rate of return, reduced by the taxes required to be paid with respect to the Residual Certificates. Holders of Residual Certificates may have tax liabilities with respect to their Residual Certificates during the early years of the trust's term that substantially exceed any distributions payable thereon during any such period. In addition, holders of Residual Certificates may have tax liabilities with respect to their Residual Certificates the present value of which substantially exceeds the present value of distributions payable thereon and of any tax benefits that may arise with respect thereto. Accordingly, the after-tax rate of return on the Residual Certificates may be negative or may otherwise be significantly adversely affected. The timing and amount of taxable income attributable to the Residual Certificates will depend on, among other things, the timing and amounts of prepayments and losses experienced with respect to the mortgage pool.

The Residual Certificateholders are encouraged to consult their tax advisors as to the effect of taxes and the receipt of any payments made to those holders in connection with the purchase of the Residual Certificates on after-tax rates of return on the Residual Certificates. See "Material Federal Income Tax Consequences" in this prospectus supplement and "Material Federal Income Tax Consequences" in the prospectus.

Pooling and Servicing Agreement

General

The certificates will be issued under a series supplement, dated as of [_____], to the standard terms of pooling and servicing agreement, dated as of [_____], together referred to as the pooling and servicing agreement, among the depositor, the master servicer, and [_____], as trustee. Reference is made to the prospectus for important information in addition to that described herein regarding the terms and conditions of the pooling and servicing agreement and the offered certificates.

The offered certificates will be transferable and exchangeable at the corporate trust office of the trustee, which will serve as certificate registrar and paying agent. The depositor will provide a prospective or actual certificateholder without charge, on written request, a copy, without exhibits, of the pooling and servicing agreement. Requests should be addressed to the President, Residential Accredit Loans, Inc., 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437.

Under the pooling and servicing agreement, transfers of Residual Certificates are prohibited to any non-United States person. Transfers of the Residual Certificates are additionally restricted as described in the pooling and servicing agreement. See "Material Federal Income Tax Consequences" in this prospectus supplement and "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Residual Certificates-Tax and Restrictions on Transfers of REMIC Residual Certificates to Certain Organizations" and "-Noneconomic REMIC Residual Certificates" in the prospectus. In addition to the circumstances described in the prospectus, the depositor may terminate the trustee for cause under specified circumstances. See "The Pooling and Servicing Agreement-The Trustee" in the prospectus.

Custodial Arrangements

The trustee will appoint Wells Fargo Bank, N.A., to serve as custodian of the mortgage loans. The custodian is not an affiliate of the depositor, the master servicer or the sponsor. No servicer will have custodial responsibility for the mortgage loans. The custodian will maintain mortgage loan files that contain originals of the notes, mortgages, assignments and allonges in vaults located at the sponsor's premises in Minnesota. Only the custodian has access to these vaults. A shelving and filing system segregates the files relating to the mortgage loans from other assets serviced by the master servicer.

The Master Servicer and Subservicers

Master Servicer. The master servicer, an affiliate of the depositor, will be responsible for master servicing the mortgage loans. Master servicing responsibilities include:

- receiving funds from subservicers,
- reconciling servicing activity with respect to the mortgage loans,
- calculating remittance amounts to certificateholders,
- sending remittances to the trustee for distributions to certificateholders,
- investor and tax reporting,
- coordinating loan repurchases,
- oversight of all servicing activity, including subservicers,
- following up with subservicers with respect to mortgage loans that are delinquent or for which servicing decisions may need to be made,
- approval of loss mitigation strategies,
- management and liquidation of mortgaged properties acquired by foreclosure or deed in lieu of foreclosure,
- providing certain notices and other responsibilities as detailed in the pooling and servicing agreement.

The master servicer may, from time to time, outsource certain of its

servicing functions, such as foreclosure management, although any such outsourcing will not relieve the master servicer of any of its responsibilities or liabilities under the pooling and servicing agreement.

For a general description of the master servicer and its activities, see "Sponsor and Master Servicer" in this prospectus supplement. For a general description of material terms relating to the master servicer's removal or replacement, see "The Pooling and Servicing Agreement - - Rights Upon Event of Default" in the prospectus.

Subservicer Responsibilities. Subservicers are generally responsible for the following duties:

- communicating with borrowers;
- sending monthly remittance statements to borrowers;
- collecting payments from borrowers;

- recommending a loss mitigation strategy for borrowers who have defaulted on their loans (i.e. repayment plan, modification, foreclosure, etc.);
- accurate and timely accounting, reporting and remittance of the principal and interest portions of monthly installment payments to the master servicer, together with any other sums paid by borrowers that are required to be remitted;
- accurate and timely accounting and administration of escrow and impound accounts, if applicable;
- accurate and timely reporting of negative amortization amounts, if any;
- paying escrows for borrowers, if applicable;
- calculating and reporting payoffs and liquidations;
- maintaining an individual file for each loan; and
- maintaining primary mortgage insurance commitments or certificates if required, and filing any primary mortgage insurance claims.

Homecomings Financial Network, Inc. Homecomings will subservice [____]% by principal amount of the mortgage loans pursuant to the terms of a subservicing agreement with the master servicer. The subservicing agreement provides that Homecomings will provide all of the services described in the preceding paragraph. Homecomings is a Delaware corporation and has been servicing mortgage loans secured by first liens on one-to four-family residential properties since 1996. Homecomings was incorporated as a wholly-owned subsidiary of Residential Funding Corporation in 1995 to service and originate mortgage loans. In 1996, Homecomings acquired American Custody Corporation to begin servicing subprime mortgage loans, and in 1999 Homecomings acquired Capstead Inc. to focus on servicing prime loans such as the mortgage loans described herein. At that time, Homecomings serviced approximately [__] mortgage loans with an aggregate principal balance of approximately $[____], while Capstead Inc. serviced approximately [____] mortgage loans with an aggregate principal balance of approximately $[___]. The operations of each of the acquired companies have been integrated into Homecomings' servicing operations. Approximately [70%] of the mortgage loans currently master serviced by Residential Funding Corporation are subserviced by Homecomings. As of March 31, 2005, Homecomings serviced approximately 732,000 mortgage loans with an aggregate principal balance of approximately $86 billion. In addition to servicing mortgage loans secured by first liens on one-to-four family residential properties, Homecomings services mortgage loans secured by more junior second liens on residential properties and subprime mortgage loans. Homecomings also performs special servicing functions for [_], where the servicing responsibilities with respect to delinquent mortgage loans that have been serviced by third parties is transferred to Homecomings. Homecomings' servicing activities have included the activities specified above under "-Subservicer responsibilities".

Homecomings may, from time to time, outsource certain of its subservicing functions, such as contacting delinquent borrowers, property tax administration and hazard insurance administration, although any such outsourcing will not relieve Homecomings of any of its responsibilities or liabilities as a subservicer. If Homecomings engages any subservicer to subservice 10% or more of the mortgage loans, or any subservicer performs the types of services requiring additional disclosures, the issuing entity will file a Report on Form 8-K providing any required additional disclosure regarding such subservicer.

[Specify other subservicers]. [_____] will subservice approximately [____] [this would be a percentage that is greater than 10% but less than 20%] by principal amount of the mortgage loans. [_____] is a [Delaware] corporation that has been servicing mortgage loans secured by first liens on one-to four-family residential properties since [_____].

[__] will subservice approximately 20% by principal amount of the mortgage loans. [__] is a [Delaware] corporation that has been servicing mortgage loans secured by first liens on one-to-four family properties since [___]. [_____]'s mortgage servicing portfolio includes mortgage loans secured by first and junior lines on the related property, subprime mortgage loans, and

revolving home equity lines of credit. As of [___], 2000 [____] was servicing approximately [__] mortgage loans with an aggregate principal balance of approximately $[___]. As of [___], 2005 [____] was servicing approximately [__] mortgage loans with an aggregate principal balance of approximately $[___]. During the past three years, [___] has implemented

additional procedures designed to mitigate losses on delinquent mortgage loans, including capitalizing delinquent interest and taxes in conjunction with interest rate reductions and payment plans, where [___] has determined that the overall amount of losses on the loan will be reduced.

[The following are the material terms of the subservicing agreement between [Subservicer] and the master servicer.]

See "The Pooling and Servicing Agreement - Rights Upon Event of Default" in the prospectus and "- Certain Other Matters Regarding Servicing" for a discussion of material removal, replacement, resignation and transfer provisions relating to the master servicer.

Servicing and Other Compensation and Payment of Expenses

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan. The servicing fees relating to each mortgage loan will be at least [0.28]% per annum and not more than [0.33]% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately [___]% per annum. The servicing fees consist of (a) servicing fees payable to the master servicer and (b) subservicing and other related compensation payable to the subservicer, including [any payment due to prepayment charges on the related mortgage loans and] such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

The primary compensation to be paid to the master servicer for its master servicing activities will be its servicing fee equal to at least [____]% per annum and not more than [___]% per annum of the outstanding principal balance of each mortgage loan, with a weighted average of approximately [_____]%. As described in the prospectus, a subservicer is entitled to servicing compensation in a minimum amount equal to 0.25% per annum of the outstanding principal balance of each mortgage loan serviced by it. The master servicer is obligated to pay some ongoing expenses associated with the trust and incurred by the master servicer in connection with its responsibilities under the pooling and servicing agreement. The master servicing fee rate may be changed if a successor master servicer is appointed, but it will not exceed the rate currently paid to the master servicer. See "The Pooling and Servicing Agreement-Servicing Compensation and Payment of Expenses" in the prospectus for information regarding other possible compensation to the master servicer and subservicers and for information regarding expenses payable by the master servicer.

The following table sets forth the fees and expenses that are payable out of payments on the mortgage loans, prior to payments of interest and principal to the certificateholders:

Description	Amount	Receiving Party
Master Servicer Fee	0.03% or 0.08% per annum of the principal balance of each mortgage loan, depending on the type of mortgage loan	Master Servicer
Subservicer Fee	0.25% per annum of the principal balance of each mortgage loan serviced by a subservicer	Subservicers
[Yield Maintenance Provider Fee		Yield Maintenance Provider]

In addition, the Master Servicer or any applicable Subservicer may recover from payments on the mortgage loans or withdraw from the Custodial Account the amount of any Advances and Servicing Advances previously made, interest and investment income, foreclosure profits, indemnification payments payable under the pooling and servicing agreement, and certain other servicing expenses, including foreclosure expenses.

Reports to Certificateholders

On each distribution date, a distribution date statement will be made available to each certificateholder setting forth certain information with respect to the composition of the payment being made, the Certificate Principal Balance or Notional Amount of an individual certificate following the payment and certain other information relating to the certificates and the mortgage loans. The trustee will make the distribution date statement and, at its option, any additional files containing the same information in an alternative format, available each month to certificateholders and other parties to the pooling and servicing agreement via the trustee's internet website, at www._____. For purposes of any electronic version of this prospectus supplement, the preceding uniform resource locator, or URL, is an inactive textual reference only. We have taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus supplement was created. In addition, for so long as the issuing entity is required to file reports with the Commission under the Securities Exchange Act of 1934, the issuing entity's annual report on Form 10-K, distribution reports on Form 10-D, current reports on Form 8-K and amendments to those reports will be made available on such website as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Commission. See also "Pooling and Servicing Agreement - - Reports to Certificateholders" in the prospectus for a more detailed description of certificateholder reports.

Voting Rights

There are actions specified in the prospectus that may be taken by holders of certificates evidencing a specified percentage of all undivided interests in the trust and may be taken by holders of certificates entitled in the aggregate to that percentage of the voting rights. 98.0% of all voting rights will be allocated among all holders of the certificates, other than the Variable Strip Certificates and Residual Certificates, in proportion to their then outstanding Certificate Principal Balances, 1.0% of all voting rights will be allocated among the holders of the Variable Strip Certificates and 1.0% of all voting rights will be allocated among the holders of the Class R Certificates, respectively, in proportion to the percentage interests evidenced by their respective certificates. The pooling and servicing agreement may be amended without the consent of the holders of the Residual Certificates in specified circumstances.

Termination

The circumstances under which the obligations created by the pooling and servicing agreement will terminate relating to the offered certificates are described under "The Pooling and Servicing Agreement-Termination; Retirement of Certificates" in the prospectus. The master servicer will have the option, on any distribution date on which the aggregate Stated Principal Balance of the mortgage loans is less than 10% of the aggregate principal balance of the mortgage loans as of the cut-off date, either to purchase all remaining mortgage loans and other assets in the trust, thereby effecting early retirement of the offered certificates or to purchase, in whole but not in part, the certificates. Any such purchase of mortgage loans and other assets of the trust shall be made at a price equal to the sum of (a) 100% of the unpaid principal balance of each mortgage loan or the fair market value of the related underlying mortgaged properties with respect to defaulted mortgage loans as to which title to such mortgaged properties has been acquired if such fair market value is less than such unpaid principal balance, net of any unreimbursed Advance attributable to principal, as of the date of repurchase plus (b) accrued interest thereon at the Net Mortgage Rate to, but not including, the first day of the month in which the repurchase price is distributed. The optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding as seller of the mortgage loans, under the terms of the agreement pursuant to which Residential Funding sold the mortgage loans to the depositor, that remain unpaid on the date of the optional termination.

Distributions on the certificates relating to any optional termination will be paid, first, to the Senior Certificates, second, to the Class M Certificates in the order of their payment priority and, third, to the Class B Certificates. The proceeds of any such distribution may not be sufficient to distribute the full amount to each class of certificates if the purchase price is based in part on the fair market value of the underlying mortgaged property and the fair market value is less than 100% of the unpaid principal balance of the related mortgage loan. Any such purchase of the certificates will be made at a price equal to 100% of their Certificate Principal Balance plus, except with respect to the Principal Only Certificates, the sum of the Accrued Certificate Interest thereon, or with respect to the Variable Strip Certificates, on their Notional Amounts, for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate and any previously unpaid Accrued Certificate Interest. Promptly after the purchase of such certificates, the master servicer shall terminate the trust in accordance with the terms of the pooling and servicing agreement.

Upon presentation and surrender of the offered certificates in connection with the termination of the trust or a purchase of certificates under the circumstances described in the two preceding paragraphs, the holders of the offered certificates will be entitled to receive an amount equal to the Certificate Principal Balance of that class plus Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate, or, with respect to the Variable Strip Certificates, interest for the immediately preceding Interest Accrual Period on their Notional Amounts, plus any previously unpaid Accrued Certificate Interest. However, any Prepayment Interest Shortfalls previously allocated to the certificates will not be reimbursed. In addition, distributions to the holders of the most subordinate class of certificates outstanding with a Certificate Principal Balance greater than zero will be reduced, as described in the preceding paragraph, in the case of the termination of the trust resulting from a purchase of all the assets of the trust.

The Trustee

[Name], the trustee under the pooling and servicing agreement (as described below), is a [national banking association]. It has served as a trustee for securities backed by first liens on one- to four-family residential properties since [_____]. At [date], it was the trustee for $_____ of securities backed by first liens on one- to four-family residential properties.

Unless an event of default has occurred and is continuing under the pooling and servicing agreement, the trustee will perform only such duties as are specifically set forth in the pooling and servicing agreement. If an event of default occurs and is continuing under the pooling and servicing agreement, the trustee is required to exercise such of the rights and powers vested in it by the pooling and servicing agreement, such as either acting as the master servicer or appointing a successor master servicer, and use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs. Subject to certain qualifications specified in the pooling and servicing agreement, the trustee will be liable for its own negligent action, its own negligent failure to act and its own willful misconduct for actions.

The trustee's duties and responsibilities under the pooling and servicing agreement include collecting funds from the master servicer to distribute to certificateholders at the direction of the master servicer[, maintaining

custody of the mortgage loan files], providing certificateholders and applicable rating agencies with monthly distribution statements and notices of the occurrence of a default under the pooling and servicing agreement, removing the master servicer as a result of any such default, appointing a successor master servicer, and effecting any optional termination of the trust.

The master servicer will pay to the trustee reasonable compensation for its services and reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the

pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith. The master servicer has also agreed to indemnify the trustee for any losses and expenses incurred without negligence or willful misconduct on the trustee's part arising out of the acceptance and administration of the trust.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

Any costs associated with removing and replacing a trustee will be paid by the master servicer.

Legal Proceedings

There are no material pending legal or other proceedings involving the mortgage loans or Residential Funding Corporation, as sponsor and master servicer, Residential Accredit Loans, Inc. as depositor, RALI Series [ ]-QS-[ ] Trust as the issuing entity, Homecomings, as subservicer, or other parties described in Item 1117 of Regulation AB that, individually or in the aggregate, would have a material adverse impact on investors in these certificates.

Residential Funding and Homecomings are currently parties to various legal proceedings arising from time to time in the ordinary course of their businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Residential Funding and Homecomings that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on their ability to perform their obligations in relation to the mortgage loans. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate, would not have a material adverse impact on Residential Funding or Homecomings. Any such unfavorable outcome could adversely affects the ability of Residential Funding Corporation or Homecomings to perform its servicing duties with respect to the mortgage loans and potentially lead to the replacement of Residential Funding or Homecomings with a successor servicer.

Material Federal Income Tax Consequences

Orrick, Herrington & Sutcliffe LLP, counsel to the depositor, will render an opinion to the effect that, assuming compliance with all provisions of the pooling and servicing agreement, for federal income tax purposes, the trust. [exclusive of the yield maintenance agreement,] will qualify as a REMIC under the Internal Revenue Code.

For federal income tax purposes:

- the Class R Certificates will constitute the sole class of "residual interests" in the REMIC; and
- each class of Senior Certificates, other than the Residual Certificates, the Class M Certificates and the Class B Certificates will represent ownership of "regular interests" in the REMIC and will generally be treated as debt instruments of the REMIC.

See "Material Federal Income Tax Consequences-REMICs" in the prospectus.

For federal income tax purposes, the Class A-P Certificates and Class A-V Certificates will, and all other classes of offered certificates may, be

treated as having been issued with original issue discount. The prepayment assumption that will be used in determining the rate of accrual of original issue discount, market discount and premium, if any, for federal income tax purposes will be based on the assumption that, subsequent to the date of any determination the mortgage loans will prepay at a rate equal to 100% of the prepayment assumption. No representation is made that the mortgage loans will prepay at that rate or at any other rate. The use of a zero prepayment assumption may be required in calculating the amortization of premium. See "Material Federal Income Tax Consequences-General" and "-REMICs-Taxation of

Owners of REMIC Regular Certificates-Original Issue Discount" in the prospectus.

The Internal Revenue Service, or IRS, has issued original issue discount regulations under sections 1271 to 1275 of the Internal Revenue Code that address the treatment of debt instruments issued with original issue discount. The OID regulations suggest that original issue discount with respect to securities similar to the Variable Strip Certificates that represent multiple uncertificated REMIC regular interests, in which ownership interests will be issued simultaneously to the same buyer, should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to the uncertificated regular interests represented by the Variable Strip Certificates will be reported to the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated above, treating all uncertificated regular interests as a single debt instrument as described in the OID regulations.

If the method for computing original issue discount described in the prospectus results in a negative amount for any period with respect to a certificateholder, the amount of original issue discount allocable to that period would be zero and the certificateholder will be permitted to offset that negative amount only against future original issue discount, if any, attributable to those certificates.

In some circumstances the OID regulations permit the holder of a debt instrument to recognize original issue discount under a method that differs from that used by the issuer. Accordingly, it is possible that the holder of a certificate may be able to select a method for recognizing original issue discount that differs from that used by the master servicer in preparing reports to the certificateholders and the IRS.

Some of the classes of offered certificates may be treated for federal income tax purposes as having been issued at a premium. Whether any holder of one of those classes of certificates will be treated as holding a certificate with amortizable bond premium will depend on the certificateholder's purchase price and the distributions remaining to be made on the certificate at the time of its acquisition by the certificateholder. Holders of those classes of certificates are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Regular Certificates" and "-Premium" in the prospectus.

The offered certificates will be treated as assets described in Section 7701(a)(19)(C) of the Internal Revenue Code and "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code generally in the same proportion that the assets of the trust would be so treated. In addition, interest on the offered certificates will be treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Internal Revenue Code generally to the extent that the offered certificates are treated as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code. Moreover, the offered certificates, other than the Residual Certificates, will be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for a regular or residual interest therein. However, prospective investors in offered certificates that will be generally treated as assets described in Section 860G(a)(3) of the Internal Revenue Code should note that, notwithstanding that treatment, any repurchase of a certificate pursuant to the right of the master servicer to repurchase the offered certificates may adversely affect any REMIC that holds the offered certificates if the repurchase is made under circumstances giving rise to a Prohibited Transaction Tax. See "The Pooling and Servicing Agreement-Termination" in this prospectus supplement and "Material Federal Income Tax Consequences-REMICs- Characterization of Investments in REMIC Certificates" in the prospectus.

For further information regarding federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences-REMICs" in the prospectus.

Special Tax Considerations Applicable to Residual Certificates

The IRS has issued REMIC regulations under the provisions of the Internal Revenue Code that significantly affect holders of Residual Certificates. The REMIC regulations impose restrictions on the transfer or acquisition of some residual interests, including the Residual Certificates. The pooling and servicing agreement includes other provisions regarding the transfer of Residual Certificates, including:

the requirement that any transferee of a Residual Certificate provide an affidavit representing that the transferee:

is not a disqualified organization;

- is not acquiring the Residual Certificate on behalf of a disqualified organization; and
- will maintain that status and will obtain a similar affidavit from any person to whom the transferee shall subsequently transfer a Residual Certificate;
- a provision that any transfer of a Residual Certificate to a disqualified organization shall be null and void; and
- a grant to the master servicer of the right, without notice to the holder or any prior holder, to sell to a purchaser of its choice any Residual Certificate that shall become owned by a disqualified organization despite the first two provisions above.

In addition, under the pooling and servicing agreement, the Residual Certificates may not be transferred to non-United States persons.

The REMIC regulations also provide that a transfer to a United States person of "noneconomic" residual interests will be disregarded for all federal income tax purposes, and that the purported transferor of "noneconomic" residual interests will continue to remain liable for any taxes due with respect to the income on the residual interests, unless "no significant purpose of the transfer was to impede the assessment or collection of tax." Based on the REMIC regulations, the Residual Certificates may constitute noneconomic residual interests during some or all of their terms for purposes of the REMIC regulations and, accordingly, unless no significant purpose of a transfer is to impede the assessment or collection of tax, transfers of the Residual Certificates may be disregarded and purported transferors may remain liable for any taxes due relating to the income on the Residual Certificates. All transfers of the Residual Certificates will be restricted in accordance with the terms of the pooling and servicing agreement that are intended to reduce the possibility of any transfer of a Residual Certificate being disregarded to the extent that the Residual Certificates constitute noneconomic residual interests. See "Material Federal Income Tax Consequences -REMICs-Taxation of Owners of REMIC Residual Certificates-Noneconomic REMIC Residual Certificates" in the prospectus.

The IRS has issued final REMIC regulations that add to the conditions necessary to assure that a transfer of a non-economic residual interest would be respected. The additional conditions require that in order to qualify as a safe harbor transfer of a residual the transferee represent that it will not cause the income "to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer" and either (i) the amount received by the transferee be no less on a present value basis than the present value of the net tax detriment attributable to holding the residual interest reduced by the present value of the projected payments to be received on the residual interest or (ii) the transfer is to a domestic taxable corporation with specified large amounts of gross and net assets and that meets certain other requirements where agreement is made that all future transfers will be to

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taxable domestic corporations in transactions that qualify for the same "safe harbor" provision. Eligibility for the safe harbor requires, among other things, that the facts and circumstances known to the transferor at the time of transfer not indicate to a reasonable person that the taxes with respect to the residual interest will not be paid, with an unreasonably low cost for the transfer specifically mentioned as negating eligibility.

The Residual Certificateholders may be required to report an amount of taxable income with respect to the earlier accrual periods of the term of the REMIC that significantly exceeds the amount of cash distributions received by the Residual Certificateholders from the REMIC with respect to those periods. Furthermore, the tax on that income may exceed the cash distributions with respect to those periods. Consequently, Residual Certificateholders should have other sources of funds sufficient to pay any federal income taxes due in the earlier years of the REMIC's term as a result of their ownership of the Residual Certificates. In addition, the required inclusion of this amount of taxable income during the REMIC's earlier accrual periods and the deferral of corresponding tax losses or deductions until later accrual periods or until the ultimate sale or disposition of a Residual Certificate, or possibly later under the "wash sale" rules of Section 1091 of the Internal Revenue Code may cause the Residual Certificateholders' after-tax rate of return to be zero or negative even if the Residual Certificateholders' pre-tax rate of return is positive. That is, on a present value basis, the Residual Certificateholders' resulting tax liabilities could substantially exceed the sum of any tax benefits and the amount of any cash distributions on such Residual Certificates over their life.

An individual, trust or estate that holds, whether directly or indirectly through certain pass-through entities, a Residual Certificate may have significant additional gross income with respect to, but may be limited on the deductibility of, servicing and trustee's fees and other administrative expenses properly allocable to the REMIC in computing the certificateholder's regular tax liability and will not be able to deduct those fees or expenses to any extent in computing the certificateholder's alternative minimum tax liability. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Residual Certificates-Possible Pass-Through of Miscellaneous Itemized Deductions" in the prospectus.

The IRS has issued proposed regulations that, if adopted as final regulations, would cause the question of whether a transfer of residual interests will be respected for federal income tax purposes to be determined in the audits of the transferee and transferor rather than an item to be determined as a partnership item in the audit of the REMIC's return.

Residential Funding will be designated as the "tax matters person" with respect to the REMIC as defined in the REMIC Provisions, as defined in the prospectus, and in connection therewith will be required to hold not less than 0.01% of each class of the Residual Certificates.

Purchasers of the Residual Certificates are strongly encouraged to consult their tax advisors as to the economic and tax consequences of investment in the Residual Certificates.

Tax Return Disclosure and Investor List Requirements

Recent Treasury pronouncements directed at abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. Regulations require taxpayers to report certain disclosures on IRS form 8886

if they participate in a "reportable transaction." Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based upon any of several indicia, including the existence of book-tax differences common to financial transactions, one or more of which may be present with respect to your investment in the Certificates. Congress has enacted provisions that impose significant penalties for failure to comply with these disclosure requirements. Investors in Residual Certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the issuing entity and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to this transaction.

For further information regarding the federal income tax consequences of investing in the Residual Certificates, see "Certain Yield and Prepayment Considerations-Additional Yield Considerations Applicable Solely to the Residual Certificates" in this prospectus supplement and "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Residual Certificates" in the prospectus.

[Sample Disclosure for Alternative Tax Structures

General. The following is a discussion of the material federal income tax consequences of the purchase, ownership and disposition of the notes. The following discussion is based on the advice of Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP as to the anticipated material federal income tax consequences of the purchase, ownership and disposition of the notes offered hereunder. This discussion is directed solely to certificateholders that hold the notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not purport to discuss all federal income tax consequences that may be applicable to particular individual circumstances, including those of banks, insurance companies, foreign investors, tax-exempt organizations, dealers in securities or currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, noteholders that hold the notes as part of a hedge, straddle, integrated or conversion transaction, or noteholders whose functional currency is not the United States dollar. Also, it does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a noteholder. For purposes of this tax discussion, references to a noteholder or a holder are to the beneficial owner of a note.

[The following discussion is based in part upon the OID regulations. The OID regulations, which are effective with respect to debt instruments issued on or after April 4, 1994, do not adequately address some issues relevant to, and in some instances provide that they are not applicable to, securities similar to the notes.

[In addition, the authorities on which this discussion, and the opinion referred to below, are based are subject to change or differing interpretations, which could apply retroactively. An opinion of counsel is not binding on the Internal Revenue Service or the courts, and no rulings have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Taxpayers and preparers of tax returns, including those filed by the issuer, should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. This summary and the opinions contained herein may not be able to be relied upon to avoid any income tax penalties that may be imposed with respect to the notes. Accordingly, it is suggested that taxpayers are encouraged to consult their tax advisors and tax return preparers regarding the preparation of any item on a tax return and the application of United States federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations, even where the anticipated tax treatment has been discussed in this prospectus or in a prospectus supplement. See "State and Other Tax Consequences" in the Prospectus.

[Opinions: Upon the issuance of each series of notes, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP, counsel to the depositor, will provide its opinion generally to the effect that, assuming compliance with all provisions of the indenture, owner trust agreement and other related documents, for federal income tax purposes (1) the notes will be treated as indebtedness and (2) the issuer, as created under the owner trust agreement, will not be characterized as an association or publicly traded partnership within the meaning of Section 7704 of the Code taxable as a corporation or as a taxable mortgage pool within the meaning of Section 7701(i) of the Code. In addition, as to any securities offered pursuant hereto, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP is of the opinion that the statements made in the following discussion, as supplemented by the discussion under the heading "Material Federal Income Tax Consequences" in the prospectus with respect to those securities, to the extent that they constitute matters of law or legal conclusions, are correct in all material respects as of the date of this prospectus supplement.

Neither Orrick, Herrington & Sutcliffe LLP nor Mayer, Brown, Rowe & Maw LLP has been asked to opine on any other federal income tax matter, and the balance of this summary together with the sections of the prospectus referred to therein does not purport to set forth any opinion of counsel concerning any other particular federal income tax matter. For example, the discussion under "REMICs-Taxation of Owners of REMIC Regular Certificates-Excess Inclusions" below contains a general summary of federal income tax consequences relating to an investment in a REMIC regular interest that has market discount, which summary counsel opines is correct in all material respects as described above; however, that summary does not set forth any opinion as to whether any particular class of REMIC regular interests will be treated as having market discount.

Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP have not been asked to, and do not, render any opinion regarding the state or local income tax consequences of the purchase, ownership and disposition of a beneficial interest in the notes. See "-State and Local Tax Consequences."

For purposes of this tax discussion, references to a noteholder or a holder are to the beneficial owner of a note.

[Status as Real Property Loans. Notes held by a domestic building and loan association will not constitute "loans . . . secured by an interest in real property" within the meaning of Code Section 7701(a)(19)(C)(v). Notes held by a real estate investment trust will not constitute real estate assets within the meaning of Code Section 856(c)(5)(B). Interest on notes will not be considered "interest on obligations secured by mortgages on real property" within the meaning of Code Section 856(c)(3)(B).

[Taxation of Noteholders. Notes generally will be subject to the same rules of taxation as REMIC Regular Certificates issued by a REMIC, except that (1) income reportable on the notes is not required to be reported under the accrual method unless the holder otherwise uses the accrual method and (2) the special rule treating a portion of the gain on sale or exchange of a REMIC Regular Certificate as ordinary income is inapplicable to the notes. See "-Taxation of Owners of REMIC Regular Certificates" and "-Matters Relevant to Holders of All REMIC Certificates-Sales of REMIC Certificates" in the Prospectus Also, interest paid on a note to a noteholder that is not a United States Person will normally qualify for the exception from United States withholding tax described in "-Matters Relevant to Holders of All REMIC Certificates-Foreign Investors in REMIC Certificates" in the Prospectus, except, in addition to the exceptions noted in that section, where the recipient is a holder, directly or by attribution, of 10% or more of the capital or profits interest in the issuer.]

Method of Distribution

In accordance with the terms and conditions of a senior underwriting agreement, dated [_____], [Underwriter] will serve as the senior underwriter and has agreed to purchase, and the depositor has agreed to sell, the Senior Certificates other than the Class A-P Certificates, the Class A-V Certificates, and a de minimis portion of each class of the Residual Certificates, which will be retained by Residential Funding, and are not offered hereby. The certificates being sold to [Underwriter] are referred to as the senior underwritten certificates. It is expected that delivery of the senior underwritten certificates, other than the Residual Certificates, will be made only in book-entry form through the Same Day Funds Settlement System of DTC, and that the delivery of the Residual Certificates will be made at the offices of [Underwriter], on or about [_____] against payment therefor in immediately available funds.

In accordance with the terms and conditions of a Class M underwriting agreement, dated [_____], [Underwriter] will serve as the Class M

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underwriter and has agreed to purchase, and the depositor has agreed to sell, the Class M Certificates. The certificates being sold to the Class M underwriter are referred to as the Class M underwritten certificates. It is expected that delivery of the Class M underwritten certificates will be made only in book-entry form through the Same Day Funds Settlement System of DTC on or about [_____] against payment therefor in immediately available funds.

The senior underwriting agreement and the Class M underwriting agreement are collectively referred to in this prospectus supplement as the underwriting agreements and the senior underwriter and the Class M underwriter are referred to in this prospectus supplement together as the underwriters. The senior underwritten certificates and the Class M underwritten certificates are collectively referred to in this prospectus supplement as the underwritten certificates.

In connection with the underwritten certificates, the related underwriter has agreed, in accordance with the terms and conditions of the related underwriting agreement, to purchase all of its related underwritten certificates if any of those underwritten certificates are purchased thereby.

The underwriting agreements provide that the obligations of the underwriters to pay for and accept delivery of their respective underwritten certificates are subject to, among other things, the receipt of legal opinions and to the conditions, among others, that no stop order suspending the effectiveness of the depositor's registration statement shall be in effect, and that no proceedings for that purpose shall be pending before or threatened by the Securities and Exchange Commission.

The distribution of the underwritten certificates by the respective underwriter may be effected from time to time in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of

sale. Proceeds to the depositor from the sale of the senior underwritten certificates, before deducting expenses payable by the depositor, will be approximately [__]% of the aggregate Certificate Principal Balance of the senior underwritten certificates plus accrued interest thereon from the cut-off date. Proceeds to the depositor from the sale of the Class M underwritten certificates, before deducting expenses payable by the depositor, will be approximately [___]% of the aggregate Certificate Principal Balance of the Class M underwritten certificates plus accrued interest thereon from the cut-off date.

The underwriters may effect these transactions by selling their respective underwritten certificates to or through dealers, and those dealers may receive compensation in the form of underwriting discounts, concessions or commissions from the underwriter for whom they act as agent. In connection with the sale of the underwritten certificates, the underwriters may be deemed to have received compensation from the depositor in the form of underwriting compensation. The underwriters and any dealers that participate with the underwriters in the distribution of the related underwritten certificates are also underwriters under the Securities Act of 1933. Any profit on the resale of the underwritten certificates positioned by an underwriter would be underwriter compensation in the form of underwriting discounts and commissions under the Securities Act, as amended.

The underwriting agreements provide that the depositor will indemnify the related underwriter, and that under limited circumstances the related underwriter will indemnify the depositor, against some liabilities under the Securities Act, or contribute to payments required to be made in respect thereof.

The Class A-P Certificates and Class A-V Certificates may be offered by the depositor from time to time directly or through an underwriter or agent in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale. However, there is currently no underwriting arrangement in effect for these certificates. Proceeds to the depositor from any sale of the Class A-P Certificates or Class A-V Certificates will equal the purchase price paid by their purchaser, net of any expenses payable by the depositor and any compensation payable to any underwriter or agent.

There is currently no secondary market for the offered certificates. Each underwriter intends to make a secondary market in the underwritten certificates it is underwriting but is not obligated to do so. There can be no assurance that a secondary market for the offered certificates will develop or, if it does develop, that it will continue. The offered certificates will not be listed on any securities exchange.

The primary source of information available to investors concerning the offered certificates will be the monthly statements discussed in the prospectus under "Description of the Certificates-Reports to Certificateholders" and in this prospectus supplement under "Pooling and Servicing Agreement-Reports to Certificateholders," which will include information as to the outstanding principal balance or notional amount of the offered certificates. There can be no assurance that any additional information regarding the offered certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the offered certificates will be available on an ongoing basis. The limited nature of this information regarding the offered certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the offered certificates becomes available.

Use of Proceeds

The net proceeds from the sale of the offered certificates to the underwriters will be paid to the depositor. The depositor will use the proceeds to purchase the mortgage loans or for general corporate purposes.

Legal Opinions

Certain legal matters relating to the certificates will be passed upon for the depositor by [_____], New York, New York and for the underwriters by [_____], New York, New York.

Ratings

It is a condition of the issuance of the Senior Certificates that they be rated "AAA" by each of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Standard & Poor's, and Fitch Ratings, or Fitch. It is a condition of the issuance of the Class M-1, Class M-2 and Class M-3 Certificates that they be rated not lower than "AA," "A" and "BBB," respectively, by Standard & Poor's.

The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the underlying mortgage loans and the structure of the transaction as described in the operative documents. Fitch's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the underlying mortgage loans. Further, the rating on the Variable Strip Certificates does not address whether investors therein will recoup their initial investments. The rating on the Principal Only Certificates only addresses the return of their respective Certificate Principal Balances. The rating on the Residual Certificates only addresses the return of its Certificate Principal Balance and interest on the Residual Certificates at the related pass-through rate.

The ratings assigned by Standard & Poor's to 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. Standard & Poor's rating on the certificates does not, however, constitute a statement regarding frequency of prepayments on the mortgages. See "Certain Yield and Prepayment Considerations" herein.

The depositor has not requested a rating on the Senior Certificates by any rating agency other than Standard & Poor's and Fitch or on the Class M Certificates by any rating agency other than Standard & Poor's.

However, there can be no assurance as to whether any other rating agency will rate the Senior Certificates or Class M Certificates, or, if it does, what rating would be assigned by any other rating agency. A rating on the certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the Senior Certificates by Standard & Poor's and Fitch, and the Class M Certificates by Standard & Poor's.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. The ratings of the Variable Strip Certificates do not address the possibility that the holders of those certificates may fail to fully recover their initial investments. In the event that the ratings initially assigned to the offered certificates are subsequently lowered for any reason, no person or entity is obligated to provide any additional support or credit enhancement with respect to the offered certificates.

The fees paid by the depositor to the rating agencies at closing include a fee for ongoing surveillance by the rating agencies for so long as any certificates are outstanding. However, the rating agencies are under no obligation to the depositor to continue to monitor or provide a rating on the certificates.

Legal Investment

The Senior Certificates and Class M-1 Certificates will constitute "mortgage related securities" for purposes of SMMEA so long as they are rated in at least the second highest rating category by one of the rating agencies, and, as such, are legal investments for some entities to the extent provided in SMMEA. SMMEA provides, however, that states could override its provisions on legal investment and restrict or condition investment in mortgage related securities by taking statutory action on or prior to October 3, 1991. Some states have enacted legislation which overrides the preemption provisions of SMMEA. The Class M-2 Certificates and Class M-3 Certificates will not constitute "mortgage related securities" for purposes of SMMEA.

One or more classes of the offered certificates may be viewed as "complex securities" under TB13a and TB73a, which apply to thrift institutions regulated by the OTS.

The depositor makes no representations as to the proper characterization of any class of the offered certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of the offered certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of offered certificates. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent any class of the offered certificates constitutes a legal investment or is subject to investment, capital or other restrictions.

See "Legal Investment Matters" in the prospectus.

ERISA Considerations

A fiduciary of any ERISA plan, any insurance company, whether through its general or separate accounts, or any other person investing ERISA plan assets of any ERISA plan, as defined under "ERISA Considerations-ERISA Plan Asset Regulations" in the prospectus, should carefully review with its legal advisors whether the purchase or holding of offered certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA or Section 4975 of the Internal Revenue Code. The purchase or holding of the Class A Certificates, as well as the Class M Certificates, by or on behalf of, or with ERISA plan assets of, an ERISA plan may qualify for exemptive relief under the RFC exemption, as described under "ERISA Considerations-Prohibited Transaction Exemption" in the prospectus provided those certificates are rated at least "BBB-" (or its equivalent) by Standard & Poor's, Fitch or Moody's Investors Service, Inc., or Moody's, at the time

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of purchase. The RFC exemption contains a number of other conditions which

must be met for the RFC exemption to apply, including the requirement that any ERISA plan must be an "accredited investor" as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act. The depositor expects that the specific conditions of the RFC exemption should be satisfied with respect to the offered certificates so that the RFC exemption should provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

Each beneficial owner of Class M Certificates or any interest therein shall be deemed to have represented, by virtue of its acquisition or holding of that certificate or interest therein, that either (i) it is not an ERISA plan investor, (ii) it has acquired and is holding such Class M Certificates in reliance on the RFC exemption, and that it understands that there are certain conditions to the availability of the RFC exemption, including that the Class M Certificates must be rated, at the time of purchase, not lower than "BBB-" (or its equivalent) by Standard & Poor's, Fitch or Moody's or (iii) (1) it is an insurance company, (2) the source of funds used to acquire or hold the certificate or interest therein is an "insurance company general account", as such term is defined in Prohibited Transaction Class Exemption ("PTCE") 95-60, and (3) the conditions in Sections I and III of PTCE 95-60 have been satisfied.

If any Class M Certificate or any interest therein is acquired or held in violation of the conditions described in the preceding paragraph, the next preceding permitted beneficial owner will be treated as the beneficial owner of that Class M Certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of any such certificate or interest therein was effected in violation of the conditions described in the preceding paragraph shall indemnify and hold harmless the depositor, the trustee, the master servicer, any subservicer, the underwriters, and the trust from and against any and all liabilities, claims, costs or expenses incurred by those parties as a result of that acquisition or holding.

Because the exemptive relief afforded by the RFC exemption or any similar exemption that might be available will not likely apply to the purchase, sale or holding of the Residual Certificates, transfers of those certificates to any ERISA plan investor will not be registered by the trustee unless the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to those entities, which opinion will not be at the expense of those entities, that the purchase of those certificates by or on behalf of the ERISA plan investor:

- is permissible under applicable law;
- will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and
- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing agreement.

Any fiduciary or other investor of ERISA plan assets that proposes to acquire or hold the offered certificates on behalf of or with ERISA plan assets of any ERISA plan should consult with its counsel with respect to: (i) whether the specific and general conditions and the other requirements in the RFC exemption would be satisfied, or whether any other prohibited transaction exemption would apply, and (ii) the potential applicability of the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code to the proposed investment. See "ERISA Considerations" in the prospectus.

The sale of any of the offered certificates to an ERISA plan is in no respect a representation by the depositor or the underwriters that such an investment meets all relevant legal requirements relating to investments by ERISA plans generally or any particular ERISA plan, or that such an investment is appropriate for ERISA plans generally or any particular ERISA plan.

Residential Accredit Loans, Inc.

$[_____]

Mortgage Asset-Backed Pass-Through Certificates

Series [____]-QS[_]

Prospectus Supplement

[Name of Underwriter]

Underwriters

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information.

We are not offering the certificates offered hereby in any state where the offer is not permitted.

Dealers will be required to deliver a prospectus supplement and prospectus when acting as underwriters of the certificates offered hereby and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the offered certificates, whether or not participating in this offering, may be required to deliver a prospectus supplement and prospectus until [_____].

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Other Expenses of Issuance and Distribution (Item 14 of Form S-3).

The expenses expected to be incurred in connection with the issuance and distribution of the Certificates being registered, other than underwriting compensation, are as set forth below. All such expenses, except for the filing fee, are estimated.

Filing Fee for Registration Statement	$3,715,412.00
Legal Fees and Expenses	1,375,000.00
Accounting Fees and Expenses	625,000.00
Trustee's Fees and Expenses (including counsel fees)	150,000.00
Blue Sky Fees and Expenses	45,000.00
Printing and Engraving Expenses	300,000.00
Rating Agency Fees	3,750,000.00
Miscellaneous	100,000.00
Total	$10,060,412.00

Indemnification of Directors and Officers (Item 15 of Form S-3).

The Pooling and Servicing Agreements or the Trust Agreements, as applicable, will provide that no director, officer, employee or agent of the Registrant is liable to the Trust Fund or the Certificateholders, except for such person's own willful misfeasance, bad faith, gross negligence in the performance of duties or reckless disregard of obligations and duties. The Pooling and Servicing Agreements or the Trust Agreements, as applicable, will further provide that, with the exceptions stated above, a director, officer, employee or agent of the Registrant is entitled to be indemnified against any loss, liability or expense incurred in connection with legal action relating to such Pooling and Servicing Agreements or the Trust Agreements, as applicable, and related Certificates other than such expenses related to particular Mortgage Loans or Contracts.

Any underwriters who execute an Underwriting Agreement in the form filed as Exhibit 1.1 to this Registration Statement will agree to indemnify the Registrant's directors and its officers who signed this Registration Statement against certain liabilities which might arise under the Securities Act of 1933 from certain information furnished to the Registrant by or on behalf of such indemnifying party.

Subsection (a) of Section 145 of the General Corporation Law of Delaware empowers a corporation to indemnify any person who was or 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 (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe the person's conduct was unlawful.

Subsection (b) of Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification may be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145 further provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith; that indemnification or advancement of expenses provided by, or granted pursuant to, Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office; and empowers the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145.

The By-Laws of the Registrant provide, in effect, that to the extent and under the circumstances permitted by subsections (a) and (b) of Section 145 of the General Corporation Law of the State of Delaware, the Registrant (i) shall indemnify and hold harmless each person who was or is a party or is

threatened to be made a party to any action, suit or proceeding described in subsections (a) and (b) by reason of the fact that he is or was a director or officer, or his testator or intestate is or was a director or officer of the Registrant, against expenses, judgments, fines and amounts paid in settlement, and (ii) shall indemnify and hold harmless each person who was or is a party or is threatened to be made a party to any such action, suit or proceeding if such person is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Certain controlling persons of the Registrant may also be entitled to indemnification from General Motors Acceptance Corporation, an indirect parent of the Registrant. Under Section 145, General Motors Acceptance Corporation may or shall, subject to various exceptions and limitations, indemnify its directors or officers and may purchase and maintain insurance as follows:

(a) The Certificate of Incorporation, as amended, of General Motors Acceptance Corporation provides that no director shall be personally liable to General Motors Acceptance Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to General Motors Acceptance Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174, or any successor provision thereto, of the Delaware Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) Under Article VI of its By-Laws, General Motors Acceptance Corporation shall indemnify and advance expenses to every director and officer (and to such person's heirs, executors, administrators or other legal representatives) in the manner and to the full extent permitted by applicable law as it presently exists, or may hereafter be amended, against any and all amounts (including judgments, fines, payments in settlement, attorneys' fees and other expenses) reasonably incurred by or on behalf of such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative (a "proceeding"), in which such director or officer was or is made or is threatened to be made a party or is otherwise involved by reason of the fact that such person is or was a director or officer of General Motors Acceptance Corporation, or

is or was serving at the request of General Motors Acceptance Corporation, as a director, officer, employee, fiduciary or member of any other corporation, partnership, joint venture, trust, organization or other enterprise. General Motors Acceptance Corporation shall not be required to indemnify a person in connection with a proceeding initiated by such person if the proceeding was not authorized by the Board of Directors of General Motors Acceptance Corporation. General Motors Acceptance Corporation shall pay the expenses of directors and officers incurred in defending any proceeding in advance of its final disposition ("advancement of expenses"); provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under Article VI of the By-Laws or otherwise. If a claim for indemnification or advancement of expenses

by an officer or director under Article VI of the By-Laws is not paid in full within ninety days after a written claim therefor has been received by General Motors Acceptance Corporation, the claimant may file suit to recover the unpaid amount of such claim, and if successful in whole or in part, shall be entitled to the requested indemnification or advancement of expenses under applicable law. The rights conferred on any person by Article VI of the By-Laws shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of stockholders or disinterested directors of General Motors Acceptance Corporation or otherwise. The obligation, if any, of General Motors Acceptance Corporation to indemnify any person who was or is serving at its request as a director, officer or employee of another corporation, partnership, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, organization or other enterprise.

(c) A director or officer who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in paragraphs (a) or (b) above, shall be entitled to indemnification as authorized in such paragraphs.

As a subsidiary of General Motors Corporation, General Motors Acceptance Corporation is insured against liabilities which it may incur by reason of the foregoing provisions of the Delaware General Corporation Law and directors and officers of General Motors Acceptance Corporation are insured against some liabilities which might arise out of their employment and not be subject to indemnification under said General Corporation Law.

Pursuant to resolutions adopted by the Board of Directors of General Motors Corporation, that company to the fullest extent permissible under law will indemnify, and has purchased insurance on behalf of, directors or officers of the company, or any of them, who incur or are threatened with personal liability, including expenses, under Employee Retirement Income Security Act of 1974 or any amendatory or comparable legislation or regulation thereunder.

Exhibits (Item 16 of Form S-3).

**1.1	Form of Underwriting Agreement (Iterative).
**1.2	Form of Underwriting Agreement (Non-Iterative)
*3.1	Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to Registration Statement No. 33-95932).
*3.2	By-Laws (Incorporated by reference to Exhibit 3.2 to Registration Statement No. 33-95932).
**4.1	Form of Standard Terms of Pooling and Servicing Agreement.
**4.2	Form of Series Supplement to Standard Terms of Pooling and Servicing Agreement.
**4.3	Form of Trust Agreement.
**5.1	Opinion of Orrick, Herrington & Sutcliffe LLP with respect to legality.

**5.2	Opinion of Mayer, Brown, Rowe & Maw LLP with respect to legality.
**8.1	Opinion of Orrick, Herrington & Sutcliffe LLP with respect to certain tax matters.
**8.2	Opinion of Mayer, Brown, Rowe & Maw LLP with respect to certain tax matters.
**10.1	Form of Assignment and Assumption Agreement.
**23.1	Consent of Orrick, Herrington & Sutcliffe LLP (included as part of Exhibit 5.1 and Exhibit 8.1).

**23.2 Consent of Mayer, Brown, Rowe & Maw LLP (included as part of Exhibit 5.2 and Exhibit 8.2).

**24.1 Power of Attorney.

**24.2 Certified Copy of the Resolutions of the Board of Directors of the Registrant.

* Not filed herewith.
** Previously filed with this Registration Statement on January 23, 2006.

Undertakings (Item 17 of Form S-3)

(a) Rule 415 Offering.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

Provided , however, that:

(A) Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if this Registration Statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of this registration statement; and

(B) *Provided further, however,* that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if this Registration Statement is for an offering of asset-backed securities on Form S-3 and the information required to be included in a post-effective amendment is provided pursuant to Item 1100(c) of Regulation AB.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

If the Registrant is relying on Rule 430B:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of this Registration Statement as of the date the filed prospectus was deemed part of and included in this Registration Statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in this Registration Statement as of the earlier of the date such form of

prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of this Registration Statement relating to the securities in this Registration Statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of this Registration Statement or made in a document incorporated or deemed incorporated by reference into this Registration Statement or prospectus that is part of this Registration Statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in this Registration Statement or prospectus that was part of this Registration Statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) Filings Incorporating Subsequent Exchange Act Documents by Reference.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Request for Acceleration of Effective Date

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

(d) Filings Regarding Asset-Backed Securities Incorporating by Reference Subsequent Exchange Act Documents by Third Parties

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 of a third party that is incorporated by reference in this Registration Statement in accordance with Item 1100(c)(1) of Regulation AB shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(e) Filings Regarding Asset-Backed Securities That Provide Certain Information Through an Internet Web Sit

The undersigned Registrant hereby undertakes that, except as otherwise provided by Item 1105 of Regulation AB, information provided in response to that Item pursuant to Rule 312 of Regulation S-T through the specified Internet address in the prospectus is deemed to be a part of the prospectus

included in this Registration Statement. In addition, the undersigned Registrant hereby undertakes to provide to any person without charge, upon request, a copy of the information provided in response to Item 1105 of Regulation AB pursuant to Rule 312 of Regulation S-T through the specified Internet address as of the date of the prospectus included in this Registration Statement if a subsequent update or change is made to the information.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3, reasonably believes that the security rating requirement referred to in Transaction Requirement I.B.5 of Form S-3 will be met by the time of sale of the securities registered hereby, and has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis, State of Minnesota, on March 3, 2006.

RESIDENTIAL ACCREDIT LOANS, INC.,
acting solely in its capacity as
depositor to each issuing entity in
whose name the securities registered
hereby will be issued

By: _____*
Bruce J. Paradis
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____* Bruce J. Paradis	Director, President and Chief Executive Officer (Principal Executive Officer)	March 3, 2006
_____* Kenneth M. Duncan	Acting Chief Financial Officer (Principal Financial Officer)	March 3, 2006
_____* Davee L. Olson	Director	March 3, 2006
_____* Ralph T. Flees	Controller (Principal Accounting Officer)	March 3, 2006

*By: /s/ Lisa R. Lundsten
Lisa R. Lundsten
Attorney-in-fact pursuant to a
power of attorney filed with the
Registration Statement

Exhibit 5

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Assignment and Assumption Agreement, dated Mar. 30, 2006, by and between Residential Funding Corporation and Residential Accredit Loans, Inc.

Execution Copy

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated March 30, 2006, between Residential Funding Corporation, a Delaware corporation ("RFC"), and Residential Accredit Loans, Inc., a Delaware corporation (the "Company").

Recitals

A. RFC has entered into contracts ("Seller Contracts") with various seller/servicers, pursuant to which such seller/servicers sell to RFC mortgage loans.

B. The Company wishes to purchase from RFC certain Mortgage Loans (as hereinafter defined) sold to RFC pursuant to the Seller Contracts.

C. The Company, RFC, as master servicer, and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), are entering into a Series Supplement, dated as of March 1, 2006 (the "Series Supplement"), and the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (collectively, the "Pooling and Servicing Agreement"), pursuant to which the Company proposes to issue Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3 (the "Certificates") consisting of fourteen classes designated as Class A-1, Class A-2, Class A-3, Class R-I, Class R-II, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8 and Class SB Certificates representing beneficial ownership interests in a trust fund consisting primarily of a pool of mortgage loans identified in Exhibit One to the Series Supplement (the "Mortgage Loans").

D. In connection with the purchase of the Mortgage Loans, the Company will assign to RFC a *de minimis* portion of the Class R-I and Class R-II Certificates.

E. In connection with the purchase of the Mortgage Loans and the issuance of the Certificates, RFC wishes to make certain representations and warranties to the Company.

F. The Company and RFC intend that the conveyance by RFC to the Company of all its right, title and interest in and to the Mortgage Loans pursuant to this Agreement shall constitute a purchase and sale and not a loan.

NOW THEREFORE, in consideration of the recitals and the mutual promises herein and other good and valuable consideration, the parties agree as follows:

1. All capitalized terms used but not defined herein shall have the meanings assigned thereto in the Pooling and Servicing Agreement.

2. Concurrently with the execution and delivery hereof, RFC hereby assigns to the Company without recourse all of its right, title and interest in and to the Mortgage Loans, including all interest and principal received on or with respect to the Mortgage Loans after March 1, 2006 (other than payments of principal and interest due on the Mortgage Loans on or before March 31, 2006). In consideration of such assignment, RFC or its designee will receive from the Company in immediately available funds an amount equal to $677,149,427.73 and a *de minimis* portion of the Class R-I and Class R-II Certificates. In connection with such assignment

and at the Company's direction, RFC has in respect of each Mortgage Loan endorsed the related Mortgage Note (other than any Destroyed Mortgage Note) to the order of the Trustee and delivered an assignment of mortgage in recordable form to the Trustee or its agent.

RFC and the Company agree that the sale of each Pledged Asset Loan pursuant to this Agreement will also constitute the assignment, sale, setting-over, transfer and conveyance to the Company, without recourse (but subject to RFC's covenants, representations and warranties specifically provided herein), of all of RFC's obligations and all of RFC's right, title and interest in, to and under, whether now existing or hereafter acquired as owner of such Pledged Asset Loan with respect to any and all money, securities, security entitlements, accounts, general intangibles, payment intangibles, instruments, documents, deposit accounts, certificates of deposit, commodities contracts, and other investment property and other property of whatever kind or description consisting of, arising from or related, (i) the Credit Support Pledge Agreement, the Funding and Pledge Agreement among the Mortgagor or other Person pledging the related Pledged Assets (the "Customer"), Combined Collateral LLC and National Financial Services Corporation, and the Additional Collateral Agreement between GMAC Mortgage Corporation and the Customer (collectively, the "Assigned Contracts"), (ii) all rights, powers and remedies of RFC as owner of such Pledged Asset Loan under or in connection with the Assigned Contracts, whether arising under the terms of such Assigned Contracts, by statute, at law or in equity, or otherwise arising out of any default by the Mortgagor under or in connection with the Assigned Contracts, including all rights to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, approval or waiver thereunder, (iii) the Pledged Amounts and all money, securities, security entitlements, accounts, general intangibles, payment intangibles, instruments, documents, deposit accounts, certificates of deposit, commodities contracts, and other investment property and other property of whatever kind or description and all cash and non-cash proceeds of the sale, exchange, or redemption of, and all stock or conversion rights, rights to subscribe, liquidation dividends or preferences, stock dividends, rights to interest, dividends, earnings, income, rents, issues, profits, interest payments or other distributions of cash or other property that secures a Pledged Asset Loan, (iv) all documents, books and records concerning the foregoing (including all computer programs, tapes, disks and related items containing any such information) and (v) all insurance proceeds (including proceeds from the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation or any other insurance company) of any of the foregoing or replacements thereof or substitutions therefor, proceeds of proceeds and the conversion, voluntary or involuntary, of any thereof. The foregoing transfer, sale, assignment and conveyance does not constitute and is not intended to result in the creation, or an assumption by the Company, of any obligation of RFC, or any other Person in connection with the Pledged Assets or under any agreement or instrument relating thereto, including any obligation to the Mortgagor, other than as owner of the Pledged Asset Loan.

The Company and RFC intend that the conveyance by RFC to the Company of all its right, title and interest in and to the Mortgage Loans pursuant to this Section 2 shall be, and be construed as, a sale of the Mortgage Loans by RFC to the Company. It is, further, not intended that such conveyance be deemed to be a pledge of the Mortgage Loans by RFC to the Company to secure a debt or other obligation of RFC. Nonetheless, (a) this Agreement is intended to be and hereby is a security agreement within the meaning of Articles 8 and 9 of the Minnesota Uniform Commercial Code and the Uniform Commercial Code of any other applicable

jurisdiction; (b) the conveyance provided for in this Section shall be deemed to be, and hereby is, a grant by RFC to the Company of a security interest in all of RFC's right, title and interest, whether now owned or hereafter acquired, in and to any and all general intangibles, payment intangibles, accounts, chattel paper, instruments, documents, money, deposit accounts, certificates of deposit, goods, letters of credit, advices of credit and investment property consisting of, arising from or relating to any of the following: (A) the Mortgage Loans, including (i) with respect to each Cooperative Loan, the related Mortgage Note, Security Agreement, Assignment of Proprietary Lease, Cooperative Stock Certificate, Cooperative Lease, any insurance policies and all other documents in the related Mortgage File and (ii) with respect to each Mortgage Loan other than a Cooperative Loan, the related Mortgage Note, the Mortgage, any insurance policies and all other documents in the related Mortgage File, (B) all monies due or to become due pursuant to the Mortgage Loans in accordance with the terms thereof and (C) all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, including without limitation all amounts from time to time held or invested in the Certificate Account or the Custodial Account, whether in the form of cash, instruments, securities or other property; (c) the possession by the Trustee, the Custodian or any other agent of the Trustee of Mortgage Notes or such other items of property as constitute instruments, money, payment intangibles, negotiable documents, goods, deposit accounts, letters of credit, advices of credit, investment property or chattel paper shall be deemed to be "possession by the secured party," or possession by a purchaser or a person designated by such secured party, for purposes of perfecting the security interest pursuant to the Minnesota Uniform Commercial Code and the Uniform Commercial Code of any other applicable jurisdiction (including, without limitation, Sections 8-106, 9-313 and 9-106 thereof); and (d) notifications to persons holding such property, and acknowledgments, receipts or confirmations from persons holding such property, shall be deemed notifications to, or acknowledgments, receipts or confirmations from, securities intermediaries, bailees or agents of, or persons holding for, (as applicable) the Trustee for the purpose of perfecting such security interest under applicable law. RFC shall, to the extent consistent with this Agreement, take such reasonable actions as may be necessary to ensure that, if this Agreement were determined to create a security interest in the Mortgage Loans and the other property described above, such security interest would be determined to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement. Without limiting the generality of the foregoing, RFC shall prepare and deliver to the Company not less than 15 days prior to any filing date, and the Company shall file, or shall cause to be filed, at the expense of RFC, all filings necessary to maintain the effectiveness of any original filings necessary under the Uniform Commercial Code as in effect in any jurisdiction to perfect the Company's security interest in or lien on the Mortgage Loans, including without limitation (x) continuation statements, and (y) such other statements as may be occasioned by (1) any change of name of RFC or the Company, (2) any change of location of the state of formation, place of business or the chief executive office of RFC, or (3) any transfer of any interest of RFC in any Mortgage Loan.

Notwithstanding the foregoing, (i) the Master Servicer shall retain all servicing rights (including, without limitation, primary servicing and master servicing) relating to or arising out of the Mortgage Loans, and all rights to receive servicing fees, servicing income and other payments made as compensation for such servicing granted to it under the Pooling and Servicing Agreement pursuant to the terms and conditions set forth therein (collectively, the

"Servicing Rights") and (ii) the Servicing Rights are not included in the collateral in which RFC grants a security interest pursuant to the immediately preceding paragraph.

3. Concurrently with the execution and delivery hereof, the Company hereby assigns to RFC without recourse all of its right, title and interest in and to a de minimis portion of the Class R-I and Class R-II Certificates as part of the consideration payable to RFC by the Company pursuant to this Agreement.

4. RFC represents and warrants to the Company that on the date of execution hereof (or, if otherwise specified below, as of the date so specified):

(a) The information set forth in Exhibit One to the Series Supplement with respect to each Mortgage Loan or the Mortgage Loans, as the case may be, is true and correct in all material respects, at the date or dates respecting which such information is furnished;

(b) Except in the case of two Mortgage Loans representing approximately 0.1% of the aggregate principal balance of the Mortgage Loans, each Mortgage Loan with a Loan-to-Value Ratio at origination in excess of 80% will be insured by a Primary Insurance Policy covering at least 35% of the principal balance of the Mortgage Loan at origination if the Loan-to-Value Ratio is between 100.00% and 95.01%, at least 30% of the principal balance of the Mortgage Loan at origination if the Loan-to-Value Ratio is between 95.00% and 90.01%, at least 25% of the balance if the Loan-to-Value Ratio is between 90.00% and 85.01% and at least 12% of the balance if the Loan-to-Value Ratio is between 85.00% and 80.01%. To the best of the Company's knowledge, each such Primary Insurance Policy is in full force and effect and the Trustee is entitled to the benefits thereunder;

(c) Each Primary Insurance Policy insures the named insured and its successors and assigns, and the issuer of the Primary Insurance Policy is an insurance company whose claims-paying ability is currently acceptable to the Rating Agencies;

(d) Immediately prior to the assignment of the Mortgage Loans to the Company, RFC had good title to, and was the sole owner of, each Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest (other than rights to servicing and related compensation and, with respect to certain Mortgage Loans, the monthly payment due on the first Due Date following the Cut-off Date), and no action has been taken or failed to be taken by RFC that would materially adversely affect the enforceability of any Mortgage Loan or the interests therein of any holder of the Certificates;

(e) No Mortgage Loan was 30 or more days delinquent in payment of principal and interest as of the Cut-off Date and no Mortgage Loan has been so delinquent more than once in the 12-month period prior to the Cut-off Date;

(f) Subject to clause (e) above as respects delinquencies, there is no default, breach, violation or event of acceleration existing under any Mortgage Note or Mortgage and no event which, with notice and expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Seller or by any other entity involved in originating or servicing a Mortgage Loan;

(g) There is no delinquent tax or assessment lien against any Mortgaged Property;

(h) No Mortgagor has any right of offset, defense or counterclaim as to the related Mortgage Note or Mortgage except as may be provided under the Servicemembers Civil Relief Act, formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940 as amended, and except with respect to any buydown agreement for a Buydown Mortgage Loan;

(i) There are no mechanics' liens or claims for work, labor or material affecting any Mortgaged Property which are or may be a lien prior to, or equal with, the lien of the related Mortgage, except such liens that are insured or indemnified against by a title insurance policy described under clause (aa) below;

(j) Each Mortgaged Property is free of damage and in good repair and no notice of condemnation has been given with respect thereto and RFC knows of nothing involving any Mortgaged Property that could reasonably be expected to materially adversely affect the value or marketability of any Mortgaged Property;

(k) Each Mortgage Loan at the time it was made complied in all material respects with applicable local, state, and federal laws, including, but not limited to, all applicable anti-predatory lending laws;

(l) Each Mortgage contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the Mortgaged Property, including (i) in the case of a Mortgage that is a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law, and (iii) otherwise by foreclosure, and there is no homestead or other exemption available to the Mortgagor that would interfere with such right to sell at a trustee's sale or right to foreclosure, subject in each case to applicable federal and state laws and judicial precedents with respect to bankruptcy and right of redemption;

(m) With respect to each Mortgage that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving, and except in connection with a trustee's sale after default by a Mortgagor, no fees or expenses are payable by the Seller or RFC to the trustee under any Mortgage that is a deed of trust;

(n) The Mortgage Loans are payment-option, adjustable-rate first lien mortgage loans, with a negative amortization feature having terms to maturity of not more than 40 years from the date of origination or modification with monthly payments due, with respect to a majority of the Mortgage Loans, on the first day of each month;

(o) If any of the Mortgage Loans are secured by a leasehold interest, with respect to each leasehold interest: the use of leasehold estates for residential properties is an accepted practice in the area where the related Mortgaged Property is located; residential property in such area consisting of leasehold estates is readily marketable; the lease is recorded and no party is in any way in breach of any provision of such lease; the leasehold is in full force and effect and is not subject to any prior lien or encumbrance by which the leasehold could be

terminated or subject to any charge or penalty; and the remaining term of the lease does not terminate less than ten years after the maturity date of such Mortgage Loan;

(p) Each Assigned Contract relating to each Pledged Asset Loan is a valid, binding and legally enforceable obligation of the parties thereto, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditor's rights;

(q) The Assignor is the holder of all of the right, title and interest as owner of each Pledged Asset Loan in and to each of the Assigned Contracts delivered and sold to the Company hereunder, and the assignment hereof by RFC validly transfers such right, title and interest to the Company free and clear of any pledge, lien, or security interest or other encumbrance of any Person;

(r) The full amount of the Pledged Amount with respect to such Pledged Asset Loan has been deposited with the custodian under the Credit Support Pledge Agreement and is on deposit in the custodial account held thereunder as of the date hereof;

(s) RFC is a member of MERS, in good standing, and current in payment of all fees and assessments imposed by MERS, and has complied with all rules and procedures of MERS in connection with its assignment to the Trustee as assignee of the Depositor of the Mortgage relating to each Mortgage Loan that is registered with MERS, including, among other things, that RFC shall have confirmed the transfer to the Trustee, as assignee of the Depositor, of the Mortgage on the MERS® System;

(t) No instrument of release or waiver has been executed in connection with the Mortgage Loans, and no Mortgagor has been released, in whole or in part from its obligations in connection with a Mortgage Loan;

(u) With respect to each Mortgage Loan, either (i) the Mortgage Loan is assumable pursuant to the terms of the Mortgage Note, or (ii) the Mortgage Loan contains a customary provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event the related Mortgaged Property is sold without the prior consent of the mortgagee thereunder;

(v) The proceeds of the Mortgage Loan have been fully disbursed, there is no requirement for future advances thereunder and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds therefor (including any escrow funds held to make Monthly Payments pending completion of such improvements) have been complied with. All costs, fees and expenses incurred in making, closing or recording the Mortgage Loans were paid;

(w) The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in the Program Guide;

(x) To the best of RFC's knowledge, any escrow arrangements established with respect to any Mortgage Loan are in compliance with all applicable local, state and federal laws and are in compliance with the terms of the related Mortgage Note;

(y) Each Mortgage Loan was originated (1) by a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar institution that is supervised and examined by a federal or state authority, (2) by a mortgagee approved by the Secretary of HUD pursuant to Sections 203 and 211 of the National Housing Act, as amended, or (3) by a mortgage broker or correspondent lender in a manner such that the Certificates would qualify as "mortgage related securities" within the meaning of Section 3(a)(41) of the Securities Exchange Act of 1934, as amended;

(z) All improvements which were considered in determining the Appraised Value of the Mortgaged Properties lie wholly within the boundaries and the building restriction lines of the Mortgaged Properties, or the policy of title insurance affirmatively insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey;

(aa) Each Mortgage Note and Mortgage constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditor's rights;

(bb) None of the Mortgage Loans is subject to the Home Ownership and Equity Protection Act of 1994;

(cc) None of the Mortgage Loans is a loan that, under applicable state or local law in effect at the time of origination of such loan, is referred to as a (1) "high cost" or "covered" loan or (2) any other similar designation if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees;

(dd) None of the Mortgage Loans secured by a property located in the State of Georgia was originated on or after October 1, 2002 and before March 7, 2003;

(ee) No Mortgage Loan is a High Cost Loan or Covered Loan, as applicable (as such terms are defined in the then current Standard & Poor's LEVELS® Glossary which is now Version 5.6(d) Revised, Appendix E (attached hereto as Exhibit A)). [proviso with respect to West Virginia and Kansas intentionally omitted]; and

(ff) The information set forth in the prepayment charge schedule attached hereto as Exhibit B (the "Prepayment Charge Schedule") is complete, true and correct in all material respects as of the Cut off Date, and each prepayment charge set forth on the Prepayment Charge Schedule ("Prepayment Charge") is enforceable and was originated in compliance with all applicable federal, state and local laws.

RFC shall provide written notice to GMAC Mortgage Corporation of the sale of each Pledged Asset Loan to the Company hereunder and by the Company to the Trustee under the Pooling and Servicing Agreement, and shall maintain the Schedule of Additional Owner Mortgage Loans (as defined in the Credit Support Pledge Agreement), showing the Trustee as the Additional Owner of each such Pledged Asset Loan, all in accordance with Section 7.1 of the Credit Support Pledge Agreement.

Upon discovery by RFC or upon notice from the Company or the Trustee of a breach of the foregoing representations and warranties in respect of any Mortgage Loan which materially and adversely affects the interests of any holders of the Certificates or of the Company in such Mortgage Loan or upon the occurrence of a Repurchase Event (hereinafter defined), notice of which breach or occurrence shall be given to the Company by RFC, if it discovers the same, RFC shall, within 90 days after the earlier of its discovery or receipt of notice thereof, either cure such breach or Repurchase Event in all material respects or, either (i) purchase such Mortgage Loan from the Trustee or the Company, as the case may be, at a price equal to the Purchase Price for such Mortgage Loan or (ii) substitute a Qualified Substitute Mortgage Loan or Loans for such Mortgage Loan in the manner and subject to the limitations set forth in Section 2.04 of the Pooling and Servicing Agreement. If the breach of representation and warranty that gave rise to the obligation to repurchase or substitute a Mortgage Loan pursuant to this Section 4 was the representation and warranty set forth in clause (k) of this Section 4, then RFC shall pay to the Trust Fund, concurrently with and in addition to the remedies provided in the preceding sentence, an amount equal to any liability, penalty or expense that was actually incurred and paid out of or on behalf of the Trust Fund, and that directly resulted from such breach, or if incurred and paid by the Trust Fund thereafter, concurrently with such payment.

5. With respect to each Mortgage Loan, a first lien repurchase event ("Repurchase Event") shall have occurred if it is discovered that, as of the date thereof, the related Mortgage was not a valid first lien on the related Mortgaged Property subject only to (i) the lien of real property taxes and assessments not yet due and payable, (ii) covenants, conditions, and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage and such permissible title exceptions as are listed in the Program Guide and (iii) other matters to which like properties are commonly subject which do not materially adversely affect the value, use, enjoyment or marketability of the Mortgaged Property. In addition, with respect to any Mortgage Loan as to which the Company delivers to the Trustee or the Custodian an affidavit certifying that the original Mortgage Note has been lost or destroyed, if such Mortgage Loan subsequently is in default and the enforcement thereof or of the related Mortgage is materially adversely affected by the absence of the original Mortgage Note, a Repurchase Event shall be deemed to have occurred and RFC will be obligated to repurchase or substitute for such Mortgage Loan in the manner set forth in Section 4 above.

6. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, and no other person shall have any right or obligation hereunder.

IN WITNESS WHEREOF, the parties have entered into this Assignment and Assumption Agreement on the date first written above.

RESIDENTIAL FUNDING CORPORATION

By:_____
Name: Tim Jacobson
Title: Associate

RESIDENTIAL ACCREDIT LOANS, INC.

By:_____
Name: Heather Anderson
Title: Vice President

EXHIBIT A

REVISED July 11, 2005

APPENDIX E – Standard & Poor's Predatory Lending Categories

Standard & Poor's has categorized loans governed by anti-predatory lending laws in the Jurisdictions listed below into three categories based upon a combination of factors that include (a) the risk exposure associated with the assignee liability and (b) the tests and thresholds set forth in those laws. Note that certain loans classified by the relevant statute as Covered are included in Standard & Poor's High Cost Loan Category because they included thresholds and tests that are typical of what is generally considered High Cost by the industry.

Standard & Poor's High Cost Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
Arkansas	Arkansas Home Loan Protection Act, Ark. Code Ann. §§ 23-53-101 et seq. Effective July 16, 2003	High Cost Home Loan
Cleveland Heights, OH	Ordinance No. 72-2003 (PSH), Mun. Code §§ 757.01 et seq. Effective June 2, 2003	Covered Loan
Colorado	Consumer Equity Protection, Colo. Stat. Ann. §§ 5-3.5-101 et seq. Effective for covered loans offered or entered into on or after January 1, 2003. Other provisions of the Act took effect on June 7, 2002	Covered Loan
Connecticut	Connecticut Abusive Home Loan Lending Practices Act, Conn. Gen. Stat. §§ 36a-746 et seq. Effective October 1, 2001	High Cost Home Loan
District of Columbia	Home Loan Protection Act, D.C. Code §§ 26-1151.01 et seq. Effective for loans closed on or after January 28, 2003	Covered Loan
Florida	Fair Lending Act, Fla. Stat. Ann. §§ 494.0078 et seq.	High Cost Home Loan

Standard & Poor's High Cost Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
	Effective October 2, 2002	
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 et seq. Effective October 1, 2002 – March 6, 2003	High Cost Home Loan
Georgia as amended (Mar. 7, 2003 – current)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 et seq. Effective for loans closed on or after March 7, 2003	High Cost Home Loan
HOEPA Section 32	Home Ownership and Equity Protection Act of 1994, 15 U.S.C. § 1639, 12 C.F.R. §§ 226.32 and 226.34 Effective October 1, 1995, amendments October 1, 2002	High Cost Loan
Illinois	High Risk Home Loan Act, Ill. Comp. Stat. tit. 815, §§ 137/5 et seq. Effective January 1, 2004 (prior to this date, regulations under Residential Mortgage License Act effective from May 14, 2001)	High Risk Home Loan
Kansas	Consumer Credit Code, Kan. Stat. Ann. §§ 16a-1-101 et seq. Sections 16a-1-301 and 16a-3-207 became effective April 14, 1999; Section 16a-3-308a became effective July 1, 1999	High Loan to Value Consumer Loan (id. § 16a-3-207) and; High APR Consumer Loan (id. § 16a-3-308a)
Kentucky	2003 KY H.B. 287 – High Cost Home Loan Act, Ky. Rev. Stat. §§ 360.100 et seq. Effective June 24, 2003	High Cost Home Loan
Maine	Truth in Lending, Me. Rev. Stat. tit. 9-A, §§ 8-101 et seq. Effective September 29, 1995 and as amended from time to time	High Rate High Fee Mortgage

Standard & Poor's High Cost Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
Massachusetts	Part 40 and Part 32, 209 C.M.R. §§ 32.00 et seq. and 209 C.M.R. §§ 40.01 et seq. Effective March 22, 2001 and amended from time to time	High Cost Home Loan
Nevada	Assembly Bill No. 284, Nev. Rev. Stat. §§ 598D.010 et seq. Effective October 1, 2003	Home Loan
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 et seq. Effective for loans closed on or after November 27, 2003	High Cost Home Loan
New Mexico	Home Loan Protection Act, N.M. Rev. Stat. §§ 58-21A-1 et seq. Effective as of January 1, 2004; Revised as of February 26, 2004	High Cost Home Loan
New York	N.Y. Banking Law Article 6-l Effective for applications made on or after April 1, 2003	High Cost Home Loan
North Carolina	Restrictions and Limitations on High Cost Home Loans, N.C. Gen. Stat. §§ 24-1.1E et seq. Effective July 1, 2000; amended October 1, 2003 (adding open-end lines of credit)	High Cost Home Loan
Ohio	H.B. 386 (codified in various sections of the Ohio Code), Ohio Rev. Code Ann. §§ 1349.25 et seq. Effective May 24, 2002	Covered Loan
Oklahoma	Consumer Credit Code (codified in various sections of Title 14A) Effective July 1, 2000; amended effective January 1, 2004	Subsection 10 Mortgage

Standard & Poor's High Cost Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
South Carolina	South Carolina High Cost and Consumer Home Loans Act, S.C. Code Ann. §§ 37-23-10 et seq. Effective for loans taken on or after January 1, 2004	High Cost Home Loan
West Virginia	West Virginia Residential Mortgage Lender, Broker and Servicer Act, W. Va. Code Ann. §§ 31-17-1 et seq. Effective June 5, 2002	West Virginia Mortgage Loan Act Loan

Standard & Poor's Covered Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 et seq. Effective October 1, 2002 – March 6, 2003	Covered Loan
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 et seq. Effective November 27, 2003 – July 5, 2004	Covered Home Loan

Standard & Poor's Home Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 et seq. Effective October 1, 2002 – March 6, 2003	Home Loan

Standard & Poor's Home Loan Categorization

State/Jurisdiction	Name of Anti-Predatory Lending Law/Effective Date	Category under Applicable Anti-Predatory Lending Law
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 et seq. Effective for loans closed on or after November 27, 2003	Home Loan
New Mexico	Home Loan Protection Act, N.M. Rev. Stat. §§ 58-21A-1 et seq. Effective as of January 1, 2004; Revised as of February 26, 2004	Home Loan
North Carolina	Restrictions and Limitations on High Cost Home Loans, N.C. Gen. Stat. §§ 24-1.1E et seq. Effective July 1, 2000; amended October 1, 2003 (adding open-end lines of credit)	Consumer Home Loan
South Carolina	South Carolina High Cost and Consumer Home Loans Act, S.C. Code Ann. §§ 37-23-10 et seq. Effective for loans taken on or after January 1, 2004	Consumer Home Loan

Exhibit 6

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Opinion Letter of Orrick, Herrington & Sutcliffe, LLP re RALI 2006-Q03 Certificates, with Exhibit A Officer Certificate of Tim Jacobson of Residential Funding Company, dated Mar. 30, 2006



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
666 FIFTH AVENUE
NEW YORK, NY 10103 0001
tel 212-506-5000
fax 212-506-5151
WWW.ORRICK.COM

March 30, 2006

Standard & Poor's Rating Services, a division
of The McGraw-Hill Companies
55 Water Street
New York, NY 10041

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437

Residential Funding Corporation
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437

Re: Residential Accredit Loans, Inc.
Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3
(Transfer from RFC to RALI)

Ladies and Gentlemen:

We have acted as special counsel to Residential Funding Corporation (the "Seller") in connection with the sale by the Seller of the Seller's right, title, and interest in and to certain notes secured by mortgages or deeds of trust on real property (collectively, the "Mortgage Loans") to Residential Accredit Loans, Inc. (the "Purchaser"), pursuant to an Assignment and Assumption Agreement, dated as of March 30, 2006 (the "Assignment Agreement"). Pursuant to the Series Supplement, dated as of March 1, 2006, and the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (collectively, the "Pooling Agreement"), by and among the Purchaser, as depositor, the Seller, as master servicer, and Deutsche Bank Trust Company Americas (the "Bank"), as trustee (in such capacity, the "Trustee"), the Purchaser will transfer its right, title, and interest in and to the Mortgage Loans to the Trustee, and certificates (the "Certificates") representing interests in the Mortgage Loans will be issued. Pursuant to the Custodial Agreement, dated as of March 1, 2006 (the "Custodial Agreement"), among the Depositor, the Master Servicer, Wells Fargo Bank National Association, as custodian (the "Custodian"), and the Trustee, the Custodian will act as custodian with respect to the Mortgage Loans.

Pursuant to the Assignment Agreement, the Purchaser paid the Seller the purchase price ("Purchase Price") for the Mortgage Loans in a combination of cash and 0.01 percent of the Class R-I Certificates and Class R-II Certificates (the "Retained Certificates"; the Class R-I Certificates and Class R-II Certificates are referred to herein as the "Class R Certificates"). Capitalized terms used herein that are not defined herein have the same meaning as set forth in the Assignment Agreement or the Pooling Agreement, as applicable.

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Each of the Class A Certificates, Class R Certificates (other than the Retained Certificates), Class M Certificates and Class SB Certificates (collectively, the "Sold Certificates") have been sold by the Purchaser and are now owned by entities not affiliated with the Purchaser.

You have requested our opinion as to whether, in a case under the United States Bankruptcy Code (Title 11, U.S.C.) (the "Bankruptcy Code") in which the Seller is the debtor, a court would hold that a transfer of the Mortgage Loans (including collections thereon) by the Seller to the Purchaser in the form and manner set forth in the Assignment Agreement would constitute an absolute sale of the Mortgage Loans (including collections thereon), rather than a borrowing by the Seller secured by the Mortgage Loans.

In connection with this opinion, we have reviewed the Assignment Agreement and the Pooling Agreement (collectively, the "Documents"). As to factual matters, we have relied without investigation on the representations and warranties set forth in the Documents. This opinion is based solely upon our review of the Documents and our examination of such matters of law as we have deemed necessary for purposes of rendering the opinions set forth herein.

For purposes of this opinion, we have assumed without investigation that the following statements are correct:

(1) Immediately prior to the transfer of the Mortgage Loans to the Purchaser, the Seller had good title and was the sole owner and holder of each Mortgage Loan, free and clear of any and all adverse claims, liens, pledges, offsets, defenses, counterclaims, charges, or security interests, of any nature, and had the full right and authority, subject to no interest or participation of, or agreement with, any other person, to transfer and assign the same.

(2) The consideration paid by the Purchaser to the Seller as payment of the purchase price of the Mortgage Loans has a fair market value equal to the fair market value of the Mortgage Loans.

(3) The proceeds of the Seller's transfer of the Mortgage Loans to the Purchaser accrue strictly to the Seller, and the Seller's use of the proceeds is not restricted by the Purchaser, the Bank, the Trustee, or the Custodian.

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(4) Each of the Seller and the Purchaser marks its books and records to indicate that the Mortgage Loans have been sold to the Purchaser. Each of the Seller and the Purchaser properly treats the transfer of the Mortgage Loans by the Seller to the Purchaser as a sale for accounting purposes, and the independent certified public accountants for each of the Seller and the Purchaser concur in such treatment. The Seller and the Purchaser each properly treats such transfer as a sale for any applicable regulatory purposes. For tax reporting purposes, each of the Seller and the Purchaser properly treats such sale in a manner consistent with the treatment for accounting purposes.

(5) The obligors on the Mortgage Loans are not notified of the transfer of the Mortgage Loans to the Purchaser or its transferee. Any such notification would be time-consuming and expensive, would be confusing to obligors, and would impair customer relations. In transactions that are comparable to the transactions contemplated by the Documents, it is standard industry practice not to notify the obligors of such transfers.

(6) There are no other agreements relating to the Mortgage Loans or the Certificates to which the Seller or the Purchaser is a party, other than the Documents, the Custodial Agreement, and the documents referred to therein.

(7) The Seller does not control, is not controlled by, and is not under common control with, the Bank or the Custodian.

(8) The Seller does not make any payments to the Purchaser or the holders of the Certificates with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(9) The Seller does not receive any payments with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(10) The obligation of the Seller under the Assignment Agreement and the Pooling Agreement to repurchase, replace or make payments with respect to certain Mortgage Loans as to which there exists a breach of its representations and warranties is of a type commonly found in transactions comparable to the transactions contemplated by the Documents and is unrelated to defaults on the Mortgage Loans. The repurchase price to be paid by the Seller represents the return of the consideration the Purchaser paid for the repurchased Mortgage Loans and certain other losses suffered by the Certificateholders as a result of a breach of the Seller's

Confidential RFC-ALL00006420



ORRICK

representation and warranty that each Mortgage Loan was originated in compliance with applicable laws. The right of the Seller as Master Servicer to repurchase the Mortgage Loans or Certificates when the aggregate principal balance of the Mortgage Loans is less than ten percent of the Cut-off Date Principal Balance exists for reasons of administrative convenience, is unrelated to defaults on the Mortgage Loans, and is of a type commonly found in transactions comparable to the transactions contemplated by the Documents.

(11) The obligations of the Seller to indemnify or reimburse other parties to the transactions contemplated by the Documents are unrelated to defaults on the Mortgage Loans and are of a type commonly found in transactions comparable to the transactions contemplated by the Documents.

(12) The Seller does not provide any of the funds held in any buydown fund, and has no right to receive any of the funds held in such fund.

(13) The Seller is not obligated to pay any insurance premiums in connection with any Mortgage Loan, any Certificate, or any Mortgaged Property, nor does the Seller pay any such premiums, reimburse any other insurer for, or otherwise make payments with respect to, any losses such insurer suffers (or would suffer but for such payment) in connection with a Mortgage Loan, a Mortgaged Property, or a Certificate, except that the Seller as Master Servicer may be required, pursuant to the Pooling Agreement, to pay certain insurance premiums. This obligation is of a type commonly found in transactions comparable to the transactions contemplated by the Documents and does not relate to defaults on the Mortgage Loans.

(14) The Mortgage Loans do not all bear interest at the same rate. The interest rates on the Certificates are based upon the then-current market rates for comparably rated mortgage pass-through certificates at the time a commitment to sell the Certificates was made. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Seller could obtain a secured loan.

(15) Each Mortgage has been recorded, there is a complete chain of assignments that evidence the assignment of each Mortgage from the originator to the Trustee or to MERS if the Mortgage Loan has been registered on the MERS® System after origination, and, unless the Mortgage Loan is a MOM Loan, each such assignment either has been recorded or is in the process of being recorded. The Trustee (or the Custodian) is in possession of the Mortgage Notes and Mortgages, except to the extent that the Mortgages have not been returned

Confidential RFC-ALL00006421



by the recording office. UCC financing statements stating that the transfer of the Mortgage Loans by Seller to the Purchaser is a sale have been, or are in the process of being, filed in the appropriate filing offices.

(16) The Seller is not a Subservicer and does not subservice any Mortgage Loan.

(17) Each of the Seller and the Purchaser intends the transfer of the Mortgage Loans to the Purchaser pursuant to the Assignment Agreement to be a sale and not a secured borrowing. The Seller does not own or hold any Certificates other than the Retained Certificates. The Sold Certificates are owned by entities not affiliated with the Purchaser.

(18) The only amount that the Seller expects to receive from collections on the Mortgage Loans as holder of 0.01 percent of each class of the Class R Certificates is 0.01 percent of the $100 principal amount of the Class R Certificates plus interest thereon. The Class R-I Certificates also are entitled to receive any amounts available for distribution after payment of all amounts currently due to all holders of the other Certificates. It is expected that there will not be any such amounts paid to the holders of the Class R-I Certificates. While the Seller as holder of the Class R Certificates is liable for certain tax liabilities, the Seller is being compensated for assuming these liabilities because the purchase price paid for the Mortgage Loans is higher than it would have been if the Seller did not retain such interest. Because of the tax liabilities allocated to the Class R Certificates, the fair market value of the Class R Certificates as of the date hereof is less than zero. Losses directly resulting from defaults by Mortgagors will not increase the tax liabilities allocated to the Class R Certificates.

(19) The Purchaser is an affiliate of the Seller, and an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc.

(20) The Seller acts as master servicer of the Mortgage Loans under the Pooling Agreement. The terms of this arrangement are of a type commonly found in transactions comparable to the transactions contemplated by the Documents. The Servicing Fee paid to the Seller as Master Seller does not exceed 8 basis points.

(21) The obligation of the Seller as Master Servicer to reimburse the holders of the Certificates for certain investment losses resulting from investment decisions made by the



ORRICK

Seller when performing its master servicing functions is of a type commonly found in transactions comparable to the transactions contemplated by the Documents.

(22) The Seller as Master Servicer is required to pay Compensating Interest to Certificateholders on any Distribution Date in respect of Prepayment Interest Shortfalls, and such Compensating Interest may be paid from funds that would otherwise be payable to the Seller as part of the master servicing compensation. The payment of compensating interest by a master servicer is common in transactions comparable to the transactions contemplated by the Documents.

(23) The Servicing Fee can be paid only from certain limited funds and payment of the Servicing Fee with respect to a defaulted Mortgage Loan is subordinate to certain payments owed to the Certificateholders. This subordination is not intended by the parties to the transactions contemplated by the Documents to be a device for the mitigation of losses suffered by the holders of the Certificates, but rather to provide comfort to the rating agencies concerning the timing of distributions to the Certificateholders in the event there should be a month in which collections are smaller than normal. These limitations on payment are not uncommon in transactions comparable to the transactions contemplated by the Documents. The Servicing Fee, after deduction of Compensating Interest and notwithstanding the limits on payment of the Servicing Fee, is a fee, that, in the aggregate, constitutes a fair price for the obligations to be performed by the Seller as master servicer under the Pooling Agreement. The Seller is paid the full amount of the Servicing Fee. It is expected that that there will be no profits resulting from foreclosure sales of Mortgaged Properties.

(24) The Seller, in performing its master servicing functions, does not make advances of Monthly Payments pursuant to the Pooling Agreement unless the Seller determines, after reasonable inquiry, that it will be reimbursed from future collections on the Mortgage Loans with respect to which it made such advances. The obligation of the Seller as Master Servicer to make advances is of a type commonly found in transactions comparable to the transactions contemplated by the Documents.

(25) The Seller is fully reimbursed from future collections on the Mortgage Loans for all advances it makes pursuant to the Pooling Agreement.

(26) As of the date hereof, there is no blanket policy insuring against hazard losses of the type described in Section 3.12 of the Pooling Agreement, and the Seller has no

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present intention of obtaining such a blanket policy. The right of the master servicer to obtain such blanket hazard insurance policies is commonly found in master servicing arrangements in transactions that are comparable to the transactions contemplated by the Documents. Each Mortgage Loan requires the Mortgagor to maintain hazard insurance on the Mortgaged Property. If a Primary Insurance Policy is required with respect to a Mortgage Loan, then such Mortgage Loan requires the Mortgagor to maintain such Primary Insurance Policy.

(27) There are no agreements of the type described in Section 3.01(c) of the Pooling Agreement. There is no instrument or fund of the type described in Section 11.01(e) of the Pooling Agreement.

(28) The Seller does not exercise its right as Master Servicer pursuant to Section 4.07 of the Pooling Agreement to purchase from the Trustee any Mortgage Loan which is delinquent in payment by 90 days or more, unless (a) the Seller is directed by the holder of not less than a 95% Percentage Interest in the most subordinate class of Certificates (the "Junior Certificateholder") to repurchase such a Mortgage Loan with funds provided by such Certificateholder and thereafter to transfer such Mortgage Loan to such Certificateholder, or (b) the cumulative amount of losses incurred by the Seller on the Mortgage Loans so purchased does not exceed 1.00 percent of the aggregate outstanding principal balances of the Mortgage Loans as of the Cut-off Date.

In making a determination of whether the transfer of rights to payment, such as notes secured by liens on real property, is an absolute sale or a secured borrowing, courts have examined "all the facts and circumstances surrounding the transactions at issue." In re Golden Plan, 829 F.2d 705, 709 (9th Cir. 1986). Accord Major's Furniture Mart v. Castle Credit Corp., 602 F.2d 538, 544 (3d Cir. 1979). The nature of the transaction is to be "determined by its economic substance, not by the labels attached to it." RTC v. Aetna Casualty & Surety Company, 25 F.3d 570, 578 (7th Cir. 1994). Accord Endico Potatoes, Inc. v. CIT Group/Factoring, Inc., 67 F.3d 1063, 1068 (2d Cir. 1995). It has been noted, however, that "the distinction between purchase and lending transactions can be blurred," Reaves Brokerage Co. v. Sunbelt Fruit & Vegetable Co., 336 F.3d 410, 416 (5th Cir. 2003), and that as a result, the outcome of any case will depend on the precise facts of the case and the manner in which it is argued to the court, id. ("we expressly limit our holding to the facts and arguments presented in this admittedly close case"). The courts which have addressed this issue have weighed a number of factors in reaching their decisions, including the transfer of the risk of loss, the transfer of the opportunity for gain, the manner in which the interest rate received by the transferee is

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determined, the intent of the parties, the sources and timing of the payments made to the transferee, the form of the transaction, whether the transferor continues to service the transferred loans, and whether the transfer is recorded.

Of these various factors, one of the most important is the transfer of the risk of loss; that is, whether the credit risk that the notes will not be paid by the obligors has been shifted from the transferor of the notes to the transferee. See, e.g., Reaves Brokerage, 336 F.3d at 414 ("All these features bear on a common question – which party bears the risk?"); Endico Potatoes, 67 F.3d at 1069 ("The root of all of these factors is the transfer of risk"); In re The Woodson Co., 813 F.2d 266, 271-72 (9th Cir. 1987); Golden Plan, 829 F.2d at 709-10; Major's Furniture Mart, 602 F.2d at 545; McVay v. Western Plains Corp., 823 F.2d 1395, 1399 (10th Cir. 1987).

Courts have held that the risk of loss is not shifted to the transferee if the transferee has full recourse to the transferor in the event the obligors on the notes fail to make the required payments. E.g., Reaves Brokerage, Endico Potatoes; Woodson; Major's Furniture Mart; In re Executive Growth Investments, 40 B.R. 417 (Bankr. C.D. Cal. 1984); In re Coronet Capital Co., 142 B.R. 78, 80-81 (Bankr. S.D.N.Y. 1992) (assignment agreement under which assignor agreed to pay interest during periods when borrower was not current and to pay amounts due to assignee prior to assignor's retention of any payments was disguised loan). In certain circumstances, limited recourse, if such limited recourse is substantial, has been held to mean that the risk of loss has not been shifted. E.g., In re S.O.A.W. Enterprises, 32 B.R. 279 (Bankr. W.D. Tex. 1983) (70% recourse with guaranties); In re Hurricane Elkhorn Coal Corp. II, 19 B.R. 609 (Bankr. W.D. Ky. 1982) (20% recourse), aff'd in part & rev'd in part, 32 B.R. 737 (W.D. Ky. 1983), aff'd, 763 F.2d 188 (6th Cir. 1985).

The Assignment Agreement transfers the Seller's interests in the Mortgage Loans to the Purchaser without recourse to the Seller. If obligors on the Mortgage Loans fail to make the required payments, any resulting losses will be borne by the Purchaser or its transferee, not the Seller (although the Seller may own the Retained Certificates as discussed below). In similar circumstances, the courts have found that the transferor no longer bears the risk of loss. E.g., Golden Plan.

The Seller does have certain limited obligations with respect to the Mortgage Loans, but these obligations ought not be significant enough to conclude that the risk of loss remains with the Seller. The Seller is obligated, or has the right, to repurchase, replace, or make payments with respect to any Mortgage Loans in certain instances. First, the Seller must repurchase, substitute Qualified Substitute Mortgage Loans for, or make payments in certain



ORRICK

circumstances with respect to Mortgage Loans which, in breach of the Seller's representations and warranties, do not have specified attributes. This obligation is designed to ensure that the Mortgage Loans in fact have the attributes which the Seller represented they have and that the Certificateholders do not suffer a loss solely by reason of the Seller's misfeasance. This obligation does not relate to defaults by the obligors. The obligation of the Seller to repurchase, replace or make payments with respect to certain Mortgage Loans as to which there exists a breach of its representations and warranties is common in comparable transactions.

Second, the Seller has the right, but not the duty, to purchase all the Mortgage Loans or the Certificates when the aggregate principal balance of the Mortgage Loans is less than ten percent of the Cut-off Date Principal Balance. This right exists for reasons of administrative convenience, is also unrelated to defaults on the Mortgage Loans, and is common in comparable transactions.

Third, under Section 4.07 of the Pooling Agreement, the Master Servicer has the right, but not the obligation, to repurchase any Mortgage Loan that is 90 days or more delinquent for an amount equal to the Purchase Price of such Mortgage Loan. The Seller will not purchase such Mortgage Loans if the cumulative amount of losses incurred by the Seller on the Mortgage Loans so purchased will exceed 1.00 percent of the aggregate principal balances of the Mortgage Loans as of the Cut-off Date, unless such repurchase is at the direction of the Junior Certificateholder, with funds provided by such Certificateholder, and such Mortgage Loan is thereafter transferred to such Certificateholder. As a result, this right can be characterized as de minimis. Regardless of the characterization, however, the Seller is not required to repurchase delinquent Mortgage Loans, so the Certificateholders are still bearing the risk of credit losses on the Mortgage Loans. The Seller cannot repurchase Mortgage Loans that are not in default, so the Seller cannot receive for its own benefit any increase in the value of any Mortgage Loan. Losses on the Mortgage Loans that can be absorbed by the Seller as Master Servicer pursuant to Section 4.07 are limited, and as a result, the exercise by the Seller of its rights under Section 4.07 is not a mechanism for the Seller to bear all losses that may be incurred with respect to the Mortgage Loans, and the Seller is not bearing all risk of loss. Additionally, the right of a master servicer to repurchase certain delinquent mortgage loans is common in comparable transactions.

In addition, in certain circumstances the Seller, as Master Servicer, is required to advance funds to the Trustee (a) if the collections on the Mortgage Loans do not provide sufficient funds to make the required payments on the Certificates, and (b) to pay certain expenses, such as taxes, insurance premiums, and collection costs, with respect to the Mortgage

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Loans. These advances will be made only if the Seller determines, after reasonable inquiry, that it will be reimbursed from future collections on the Mortgage Loans with respect to which such advances are made. In addition, the Seller is fully reimbursed from future collections on the Mortgage Loans for all advances it makes. The Seller's right to reimbursement has priority over payments to Certificateholders. These advances do not constitute a form of recourse, but rather merely affect the timing of distributions to the Certificateholders. Thus, if there are any losses, they will ultimately be borne by the Certificateholders, not the Seller. See also Golden Plan, 829 F.2d at 709-10 (advances consistent with outright sale).

The Seller may hold the Retained Certificates, but these Certificates are paid on a parity with, or prior to, the other Certificates. Thus, if there are losses on the Mortgage Loans, they will be allocated to the Retained Certificates either on a parity with the other Certificates or after the losses have been allocated to the other Certificates. Accordingly, the Retained Certificates do not provide credit support to the other Certificates and ownership of the Retained Certificates ought not to be characterized as a form of recourse.

The Seller may also hold 0.01 percent of each class of the Class R Certificates, but that interest, because it is not expected to receive any distributions on the Class R Certificates other than 0.01 percent of $100 plus interest, does not represent an economic interest in the Mortgage Loans. The holders of the Class R Certificates are responsible only for taxes, not for losses on the Mortgage Loans. Losses directly resulting from defaults by Mortgagors will not increase the tax liabilities. The Seller is being compensated for assuming these liabilities because the purchase price paid for the Mortgage Loans is higher than it would have been if the Seller did not retain such interest. Thus, ownership of 0.01 percent of each class of the Class R Certificates does not represent recourse to the Seller.

The Seller has the right, but not the obligation, to purchase a blanket policy of hazard insurance covering the Mortgage Loans pursuant to Section 3.12 of the Pooling Agreement. The court in Woodson, 813 F.2d at 271-72, indicated that an insurance policy suggests that the risk of loss has not been transferred. In Woodson, however, the insurance policy insured against credit losses on the mortgage loans, while the policy described in Section 3.12 of the Pooling Agreement is a hazard insurance policy that does not relate to defaults by obligors on the Mortgage Loans. The right to obtain such blanket hazard insurance policies is commonly found in master servicing arrangements in other comparable transactions. Furthermore, as of the date hereof, there is no blanket policy, the Seller has no present intention

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of obtaining such a blanket policy, and each Mortgage Loan requires the Mortgagor to maintain hazard insurance on the Mortgaged Property.

While the Certificateholders may also receive payments from a Primary Insurance Policy or a hazard insurance policy, the related Mortgagor is required to pay the premiums for such policies, although the Seller as Master Servicer may be required in certain circumstances to advance (with the reimbursement rights described above) the premiums if the Mortgagor fails to do so. In addition, under certain circumstances, Subservicers may be required to pay the premiums for Primary Insurance Policies; while the Seller is currently not a Subservicer, it could become a Subservicer in the future.

The Servicing Fee can be paid only from certain limited funds and payment of the Servicing Fee with respect to a defaulted Mortgage Loan is subordinate to certain payments owed to the Certificateholders. This subordination is not intended by the parties to the transactions contemplated by the Documents to be a device for the mitigation of losses suffered by the holders of the Certificates, but rather to provide comfort to the rating agencies concerning the timing of distributions to the Certificateholders in the event there should be a month in which collections are smaller than normal. These limitations on payment are not uncommon in comparable transactions. The Servicing Fee, after deduction of Compensating Interest and notwithstanding the limits on payment of the Servicing Fee, is a fee, that, in the aggregate, constitutes a fair price for the obligations to be performed by the Seller as master servicer under the Pooling Agreement. The Seller is paid the full amount of the Servicing Fee.

The Seller is required to reimburse the holders of the Certificates for certain investment losses resulting from investment decisions made by the Seller when performing its master servicing functions. This obligation is designed to ensure that the Certificateholders do not suffer a loss by reason of the investment decisions of the Seller as master servicer, and thus has nothing to do with defaults by the obligors on the Mortgage Loans. The investment earnings that the Seller does receive are not paid by Mortgagors and are not available to make up losses on the Mortgage Loans. Thus, the treatment of investment earnings and losses does not constitute a form of recourse to the Seller. This obligation is commonly found in comparable transactions.

The Seller also has certain miscellaneous obligations and indemnities that survive the transfer of the Mortgage Loans to the Trustee. The Seller is obligated to indemnify the Trustee and to pay in limited circumstances certain fees and expenses. These obligations are

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unrelated to defaults on the Mortgage Loans and are of a type commonly found in comparable transactions. Accordingly, they are not a mechanism for the Seller to satisfy losses due to defaults by the obligors on the Mortgage Loans.

Accordingly, the rights and obligations of the Seller ought not be significant enough to require a conclusion that the risk of loss remains with the Seller. But see McVay, 823 F.2d at 1398-99 (required repurchases of mortgages may in certain unspecified circumstances indicate that risk of loss remains with transferor and that transaction is not an absolute sale).

A second important factor considered by the courts is whether the opportunity for gain or loss, that is, the risk that the value of the obligations transferred will fluctuate due to changes in the market, has been shifted from the transferor to the transferee. If the opportunity for gain or loss has been so shifted, the transaction is more likely to be characterized as an absolute sale. See, e.g., In re Bellanca Aircraft Corp., 56 B.R. 339, 374-76 (Bankr. D. Minn. 1985) (aircraft), aff'd on this ground & rev'd on others, 850 F.2d 1275 (8th Cir. 1988).

The Seller will not own or hold any Certificates, except for the Retained Certificates. As discussed above, the 0.01 percent interest in the Class R Certificates has no economic value. Furthermore, the Seller has no right to obtain the return of the Mortgage Loans except pursuant to the limited repurchase rights and obligations described above. The Seller's Servicing Fee can be reduced by up to one month's interest on each Mortgage Loan that is prepaid in full, but such a relatively small reduction is not the same as shifting the risk of prepayments to the Seller. Thus, while the Seller as owner of the Retained Certificates will be affected by changes in the market value of the Mortgage Loans or the rate of prepayments on the Mortgage Loans, the effects are not so substantial as to require a conclusion that the Seller has not sold the Mortgage Loans.

A third important consideration is the manner in which the interest rate received by the transferee is determined. Woodson, 813 F.2d at 272. In Woodson, the court ruled that the transfer of mortgage notes was a secured borrowing because, inter alia, the interest rate received by the transferees varied by between one and six percent from the rates on the mortgage notes, and the transferees' interest rate was based on the rate at which the transferor could borrow funds. 813 F.2d at 272. See also S.O.A.W. Enterprises, 32 B.R. at 282 (secured loan where inter alia transferees received an interest rate higher than that on transferred mortgage notes).

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Here, the Purchaser or its transferee will receive the full amount of all payments made on the Mortgage Loans, except that (a) the Servicing Fee, which does not exceed 8 basis points, will be paid to the Seller as compensation for servicing the Mortgage Loans and (b) a subservicing fee will be paid to Subservicers for subservicing the Mortgage Loans. The Seller will also receive all late fees, assumption fees, and similar charges under the Mortgage Loans, as well as the investment earnings (or losses) on funds in certain bank accounts and profits resulting from foreclosure sales of Mortgaged Properties (although there are not expected to be any such profits), as additional servicing compensation, subject to the Seller's obligation to pay Compensating Interest with respect to collections on the Mortgage Loans in accordance with the Pooling Agreement. The payment of compensating interest by a master servicer is common in comparable transactions. The master servicing compensation is compensation that, in the aggregate, after deduction of Compensating Interest and notwithstanding the limits on payment of the Servicing Fee, constitutes a fair price for the obligations to be performed by the Seller as Master Servicer under the Pooling Agreement. The interest rates on the Certificates are based upon the then-current market rates for comparably rated mortgage pass-through certificates at the time a commitment to sell the Certificates was made. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Seller could obtain a secured loan. In addition, the Mortgage Loans bear interest at different rates and there can be only one interest rate at any one time for each class of Certificates.

A fourth important factor is the form of the transaction. While substance is more important than form, Major's Furniture Mart, 602 F.2d at 543, the courts, particularly in connection with assignments of mortgage loans, have looked closely at the form of the transaction. See, e.g., Golden Plan, 829 F.2d at 709; In re Columbia Pacific Mortgage, 20 B.R. 259 (Bankr. W.D. Wash. 1981); In re Lemons & Associates, Inc., 67 B.R. 198, 209 (Bankr. D. Nev. 1986); In re Candy Lane Corp., 38 B.R. 571, 576-77 (Bankr. S.D.N.Y. 1984). See also In re Bevill, Bresler & Schulman Asset Management Corp., 67 B.R. 557, 596-98 (D.N.J. 1986) (form very important in determining whether repurchase agreement was sale or secured loan, particularly where parties to agreement were sophisticated). But see RTC v. Aetna Casualty & Surety Company, 25 F.3d 570, 578 (7th Cir. 1994) (whether repurchase transaction is loan or sale is "determined by its economic substance, not by the labels attached to it"). Accord Endico Potatoes, Inc. v. CIT Group/Factoring, Inc., 67 F.3d 1063, 1068 (2d Cir. 1995).

The Assignment Agreement, as well as the Pooling Agreement, uses the form and language of a sales transaction. For accounting and any applicable regulatory purposes, each of the Seller and the Purchaser will properly treat the transfer as an absolute sale. For tax purposes,

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each of the Seller and the Purchaser will properly treat the transfer in a manner consistent with the treatment for accounting purposes. Except for the repurchase rights and obligations, the limited indemnification and payment obligations, and the obligations to make advances and pay Compensating Interest, the Seller has no duty to satisfy the obligations to the Purchaser or its transferee using its own funds. Instead, payments will be received from funds generated by the Mortgage Loans, the insurance policies, or the buydown fund. See In re Evergreen Valley Resort, 23 B.R. 659, 661 (Bankr. D. Me. 1982) (secured loan if transferor can use any source of funds to pay transferee); Endico Potatoes, 67 F.3d at 1068 (same). See also Golden Plan, 829 F.2d at 710 (fact that transferees expected repayment from obligors rather than transferor indicated that transfer was an absolute sale).

The Purchaser paid the Seller a purchase price for the Mortgage Loans that represents the fair market value of the Mortgage Loans. After the execution of the Assignment Agreement, the Seller will have very few rights with respect to the Mortgage Loans. It will not own or hold any of the Certificates, except for the Retained Certificates. Except for the repurchase rights and obligations, the obligations to make advances and pay Compensating Interest, and the other limited obligations described above, the Seller has no liability with respect to the Mortgage Loans. Other than with respect to its master servicing compensation, the right to reimbursement for advances, and a limited right to indemnity in certain circumstances, the Seller has no right to payment from collections on the Mortgage Loans. The rights the Seller retains with respect to the Mortgage Loans relate primarily to the mechanics of administration: the right to receive notices, certain control over the amendment of the Pooling Agreement, and other similar rights. These types of rights do not carry with them the economic benefits or burdens of ownership.

A fifth important consideration is the intent of the parties. E.g., Golden Plan, 829 F.2d at 708 n.2; In re Reeves, 65 F.3d 670, 674 (8th Cir. 1995); In re Yeary, 55 F.3d 504, 507 (10th Cir. 1995); In re Drewry, 99 B.R. 906, 913 (Bankr. N.D. Ind. 1989), aff'd, 1991 WL 348492 (N.D. Ind. 1991), aff'd, 966 F.2d 236 (7th Cir. 1992); In re Armando Gerstel, Inc., 65 B.R. 602, 604-05 (S.D. Fla. 1986); Candy Lane Corp., 38 B.R. at 575-77. It is the intent of each of the Seller and the Purchaser that the transfer of the Mortgage Loans by the Seller to the Purchaser be an absolute sale rather than a secured borrowing. The factors discussed above with respect to the form and structure of the transaction are further evidence of this intent. See, e.g., Reeves, 65 F.3d at 674; Goldstein v. Madison National Bank, 89 B.R. 274, 277 (D.D.C. 1988); Lemons & Assoc., 67 B.R. at 209-10.

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Finally, some courts have indicated that if the transferor is the servicer of the transferred loans, or if the transfer is not recorded, then the transfer is more likely to be characterized as a secured borrowing. E.g., In re Mid Atlantic Fund, 60 B.R. 604, 608 (Bankr. S.D.N.Y. 1986); In re Alda Commercial Corp., 327 F. Supp. 1315 (S.D.N.Y. 1971). Other courts have rejected this view. E.g., Woodson, 813 F.2d at 272 (fact that transferor services mortgage loans is consistent with absolute sale). Each of the Seller and the Purchaser will mark its books and records to indicate that the Mortgage Loans have been sold to the Purchaser. The Seller, however, is master servicing the Mortgage Loans and cannot resign except in very limited circumstances. Furthermore, the obligors on the Mortgage Loans will not be notified of the transfer of the Mortgage Loans to the Purchaser. However, any such notification would be time-consuming and expensive, would impair customer relations with obligors, and in comparable transactions it is standard industry practice not to notify the obligors of the transfer. Moreover, except in the case of the Mortgage Loans registered on the MERS® System, all assignments of the Mortgages are recorded and the Trustee maintains possession of the Mortgage Notes and Mortgages. UCC financing statements stating that the transfer of the Mortgage Loans by the Seller to the Purchaser is a sale have been, or are in the process of being, filed in the appropriate filing offices.

In In re Coupon Clearing Service, Inc., 113 F.3d 1091 (9th Cir. 1997), the court held that the fact that a servicer of coupons was permitted to commingle collections with its own funds required the conclusion that the collections were the property of the servicer. The court stated that "risk of loss . . . is a secondary factor, which is subordinate to commingling principles." 113 F.3d at 1101. Coupon Clearing Service appeared to consider only the ownership of the collections on the coupons, and did not consider the ownership of the coupons themselves. In Golden Plan, the same court held that a transfer of mortgage loans was an absolute sale, and in that case the servicer made certain payments to the buyer "from accounts in which [the buyer's] funds had been commingled with [the servicer's] funds." 829 F.2d at 707. Thus, it may be possible to distinguish Coupon Clearing Service on the ground that in that case, ownership of commingled funds, rather than ownership of the underlying assets that generated the funds, was at issue. As noted below, we express no opinion herein as to any collections that are in the possession of the Seller and have been commingled with other moneys.

Section 541(d) of the Bankruptcy Code provides:

> Property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest, such as a mortgage

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> secured by real property, or an interest in such a mortgage, sold by the debtor but as to which the debtor retains legal title to service or supervise the servicing of such mortgage or interest, becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

In enacting Section 541(d), Congress stated that its intention was to "confirm[] the current status . . . of bona fide secondary mortgage market transactions as the purchase and sale of assets. Mortgages or interests in mortgages sold in the secondary market should not be considered as part of the debtor's estate." S. Rep. No. 95-989 at 83-84 (1978). In particular, Congress wanted to be sure that sales of mortgage loans would not be challenged by "trustees asserting that a sale of mortgages is a loan from the purchaser to the seller." 124 Cong. Rec. S17,413 (daily ed. Oct. 6, 1978). Accordingly, Congress made it clear that several factors were "irrelevant": the fact that the transferor performed the servicing, the fact that the assignments of mortgages were not recorded and the notes not endorsed, and the fact that the transferor retained possession of the notes and mortgages. The transactions contemplated by the Documents are bona fide secondary mortgage market transactions which ought to be protected by the principles underlying Section 541(d).

We are aware of the decision in In re Dias, 24 B.R. 542, 545 (Bankr. D. Idaho 1982), in which the court relied on Section 541(a)(6) of the Bankruptcy Code to invalidate an assignment that was absolute under state law. See also In re Guardian Realty Group, L.L.C., 205 B.R. 1 (Bankr. D.D.C. 1997) (assignment of rents that was absolute under state law was only for security under the Bankruptcy Code). The statement by the bankruptcy court in Dias was arguably dicta, but in any event, the better-reasoned view is that put forth by the United States Court of Appeals for the Fifth Circuit in In re Louisiana World Exposition, 832 F.2d 1391, 1401 (5th Cir. 1987): Section 541(a)(6) "does not give the bankrupt's estate property the debtor would not own if it were solvent."

Based on and subject to the foregoing, as well as the limitations set forth below and the further qualification that there is no case directly on point, we are of the opinion that, if the Seller became the debtor in a case under the Bankruptcy Code, and the matter were properly briefed and presented to a court, the federal court, exercising bankruptcy jurisdiction, the court exercising reasonable judgment after full consideration of all relevant factors would hold that a transfer of the Mortgage Loans (including the collections thereon) by the Seller to the Purchaser

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in the form and manner set forth in the Assignment Agreement would constitute an absolute sale of the Mortgage Loans (including the collections thereon), rather than a borrowing by the Seller secured by the Mortgage Loans, so that the Mortgage Loans (including the collections thereon) would not be property of the Seller under Section 541(a)(1) of the Bankruptcy Code, and thus the Mortgage Loans (including the collection thereon) would not be the subject of the automatic stay of Section 362(a) of the Bankruptcy Code as it applies to "property of the estate."

We note that the Seller's rights to and under the Retained Certificates will be property of the Seller's bankruptcy estate should the Seller become a debtor in a case under the Bankruptcy Code. We note also that the Seller's rights to master service the Mortgage Loans and its rights to be paid the master servicing compensation may also be property of the Seller's bankruptcy estate; in addition, the Seller may have possession of certain Mortgage Loans or collections on the Mortgage Loans. The Purchaser, the Trustee, the Custodian, and the Certificateholders may be stayed from taking any acts that the court determines would have the effect of someone other than the debtor obtaining possession of or exercising control over any such property.

Additionally, we note that the court may, on an interim basis, impose a temporary or preliminary stay with respect to the Mortgage Loans or the collections thereon in order to afford itself time to ascertain the facts and apprise itself of the law. See, e.g., In re Leisure Dynamics, Inc., 33 B.R. 171 (Bankr. D. Minn. 1983) (letter of credit).

We do not express any opinion herein as to (i) any matter not governed by the Bankruptcy Code, and thus we do not express an opinion as to the law of any state, (ii) the enforceability, perfection, validity, binding nature, or legality of any transfer, document, or agreement, (iii) any bankruptcy case affecting any entity other than the Seller, or the consequences thereof, or (iv) any Mortgage Loans in the possession of the Seller or any collections that are in the possession of the Seller and have been commingled with other moneys.

This opinion letter addresses the legal consequences of only the facts existing or assumed as of the date hereof. The opinions expressed herein are based on an analysis of existing laws and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted, events occurring, or changes in the relevant facts, after the date hereof. We have not undertaken to determine, or to inform any person of, the occurrence or non-occurrence of any such actions, events, or changes. This opinion is solely for your benefit in connection with the transactions described in the first

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paragraph of this opinion and may not be relied upon or used by, circulated, quoted, or referred to, nor may copies hereof be delivered to, any other person without our prior written approval, except that RFC and the Depositor may make copies of this opinion letter available to its auditors solely as evidential matter in support of their evaluation of RFC's and the Depositor's management's assertions that the transfer of the mortgage loans owned by the trusts created in connection with the issuance of the Certificates meets the isolation criterion of SFAS 140. In authorizing RFC and the Depositor to make copies of this opinion letter available to its auditors for such purpose, we are not undertaking or assuming any duty or obligation to RFC's or the Depositor's auditors or establishing any attorney-client relationship with them and do not undertake or assume any responsibility with respect to any financial statements of RFC or the Depositor or any of their affiliates. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

DOCSNY1:1201367.2

RESIDENTIAL FUNDING CORPORATION
OFFICER'S CERTIFICATE

The undersigned, Tim Jacobson, does hereby certify on behalf of Residential Funding Corporation (the "Company"), for the purposes of the opinion (the "Opinion") to be rendered by Orrick, Herrington & Sutcliffe LLP on March 30, 2006, in connection with the execution and delivery of an Assignment and Assumption Agreement, dated as of March 30, 2006 (the "Assignment Agreement"), between Residential Accredit Loans, Inc. (the "Purchaser") and the Company, and the Series Supplement, dated as of March 1, 2006, and the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (collectively, the "Pooling Agreement"), by and among the Purchaser as Depositor, the Company, as Master Servicer, and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), and the issuance of Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3, that he is a duly elected, qualified, and acting Associate of the Company, and further that:

(1) He is authorized to execute and deliver this Officer's Certificate on behalf of the Company.

(2) He has reviewed the Pooling Agreement, the Assignment Agreement and the documents referred to therein, and has made such inquiry as is necessary to enable him to deliver this certificate.

(3) Immediately prior to the transfer of the Mortgage Loans to the Purchaser, the Company had good title and was the sole owner and holder of each Mortgage Loan, free and clear of any and all adverse claims, liens, pledges, offsets, defenses, counterclaims, charges, or security interests, of any nature, and had the full right and authority, subject to no interest or participation of, or agreement with, any other person, to transfer and assign the same.

(4) The consideration paid by the Purchaser to the Seller as payment of the purchase price of the Mortgage Loans has a fair market value equal to the fair market value of the Mortgage Loans.

(5) The proceeds of the Company's sale of the Mortgage Loans accrue strictly to the Company and the Company's use of the proceeds of the sale of the Mortgage Loans is not restricted by the Purchaser, the Bank or the Trustee.

(6) Each of the Company and the Purchaser marks its books and records to indicate that the Mortgage Loans have been sold to the Purchaser. The Company will properly treat the sale of its interest in the Mortgage Loans to the Purchaser as a sale for accounting purposes. The independent certified public accountants for the Company have concurred in such treatment for similar mortgage pass-through transactions and the Company believes that such accountants will continue to so concur. The Seller and the Purchaser each properly treats such transfer as a sale for any applicable regulatory purposes.

(7) For tax reporting purposes, the Company will treat such sale in a manner consistent with the treatment for accounting purposes.

(8) The obligors are not notified of the transfer of the Mortgage Loans to the Trustee. Any such notification would be time-consuming and expensive, would be confusing to obligors, and would impair customer relations with obligors. In transactions involving large numbers of mortgage loans secured by residential real property it is standard industry practice not to notify the obligors of such transfers.

(9) The Company does not control, is not controlled by, and is not under common control with, the Bank or the Custodian.

(10) There are no other agreements between the Company and the Purchaser relating to or affecting the Mortgage Loans, other than the Assignment Agreement, the Pooling Agreement, the Custodial Agreement, dated as of March 1, 2006 (the "Custodial Agreement") among the Purchaser, the Company, as master servicer, Wells Fargo Bank National Association, as custodian and the Trustee, and the agreements referred to therein. The Company does not assert any interest in the Mortgage Loans except pursuant to such documents.

(11) The Company will not make any payments to the Purchaser, the Trustee, or the holders of the Certificates with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(12) The Company does not receive any payments with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(13) The obligation of the Company under the Assignment Agreement and the Pooling Agreement to repurchase, replace or make payments with respect to certain Mortgage Loans as to which there exists a breach of its representations and warranties is of a type commonly found in comparable mortgage-backed securities transactions. The repurchase price to be paid by the Seller represents the return of the consideration the Purchaser paid for the repurchased Mortgage Loans and certain other losses suffered by the Certificateholders as a result of a breach of the Seller's representation and warranty that each Mortgage Loan was originated in compliance with applicable laws.

(14) The Mortgage Loans do not all bear interest at the same rate. The interest rates on the Certificates are based upon the then-current market rates for comparably rated mortgage pass-through certificates at the time a commitment to sell the Certificates was made. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Company could obtain a secured loan.

(15) Each Mortgage has been recorded, there is a complete chain of assignments that evidence the assignment of each Mortgage from the originator to the Trustee or to MERS if the Mortgage Loan has been registered on the MERS® System after origination, and, unless the Mortgage Loan is a MOM Loan, each such assignment either has been recorded

or is in the process of being recorded. The Trustee (or the Custodian) is in possession of the Mortgage Notes and Mortgages, except to the extent that the Mortgages have not been returned by the recording office.

(16) The right of the Company as Master Servicer to repurchase all the Mortgage Loans or Certificates when the aggregate principal balance of the Mortgage Loans is less than ten percent of the Cut-off Date Principal Balance exists for reasons of administrative convenience, is unrelated to defaults on the Mortgage Loans, and is of a type commonly found in comparable mortgage-backed securities transactions.

(17) The Company is not a Subservicer and does not subservice any Mortgage Loan.

(18) The Company intends the transfer of the Mortgage Loans to the Purchaser pursuant to the Assignment Agreement to be a sale and not a secured borrowing.

(19) The Company does not own or hold any interest in the Mortgage Loans other than the Retained Certificates and the Servicing Fee. The Sold Certificates are owned by entities not affiliated with the Purchaser.

(20) There are no agreements of the type described in Section 3.01(c) of the Pooling Agreement. There is no fund of the type described in Section 11.01(e) of the Pooling Agreement.

(21) The Purchaser is an affiliate of the Company, and an indirect wholly-owned subsidiary of GMAC Mortgage Group, Inc.

(22) The Company is fully reimbursed from future collections on the Mortgage Loans for all expenses it pays and for all advances it makes pursuant to the Pooling Agreement.

(23) The Company does not make advances or pay expenses pursuant to the Pooling Agreement, unless the Company determines, to the best of its knowledge, that it will be reimbursed from future collections on the Mortgage Loans or otherwise.

(24) The Company acts as servicer of the Mortgage Loans under the Pooling Agreement. The Servicing Fee, which does not exceed 8 basis points payable to the Company, is a fee that, in the aggregate, constitutes a fair price to the Purchaser, the Trustee, and the Company for the obligations to be performed by the Company as Master Servicer under the Pooling Agreement, notwithstanding the fact that the Servicing Fee can be paid only from certain limited funds and payment of the Servicing Fee with respect to a defaulted Mortgage Loan is subordinate to certain payments owed to the Certificateholders. The Company is reimbursed for all of its out-of-pocket expenses, notwithstanding these restrictions. These restrictions on the Servicing Fee are common in mortgage-backed securities transactions.

(25) The Company is not obligated to pay any insurance premiums in connection with any Mortgage Loan, any Certificate, or any Mortgaged Property, other than pursuant to Section 3.11(a), 3.12 or 3.14 of the Pooling Agreement, nor does the Company pay any such premiums except pursuant to Sections 3.11(a), 3.12 and 3.14 of the Pooling Agreement. The Company does not reimburse any insurer for any losses such insurer suffers in connection with a Mortgage Loan, a Mortgaged Property or a Certificate.

(26) Compensating Interest paid to Certificateholders on any Distribution Date in respect of Prepayment Interest Shortfalls may be paid from funds that would otherwise be payable to the Company as part of the Servicing Fee or additional servicing compensation of the Company as Master Servicer. The payment of Compensating Interest by a Master Servicer is common in mortgage-backed securities transactions.

(27) Based on its experience servicing mortgage loans, the Company does not expect to receive any Foreclosure Profits arising from the foreclosure sale of the Mortgaged Properties.

(28) As of the date hereof, there is no blanket policy insuring against hazard losses of the type described in Section 3.12 of the Pooling Agreement, and the Company has no present intention of obtaining such a blanket policy. Such blanket hazard insurance policies are commonly found in servicing arrangements in comparable mortgaged-backed securities transactions. Each Mortgage Loan requires the Mortgagor to maintain hazard insurance on the Mortgaged Property. If a Primary Insurance Policy is required with respect to a Mortgage Loan, then such Mortgage Loan requires the Mortgagor to maintain such Primary Insurance Policy.

(29) The Company as Master Servicer will not exercise its right pursuant to Section 4.07 of the Pooling Agreement to purchase from the Trustee any Mortgage Loan which is delinquent in payment by 90 days or more if the cumulative amount of losses incurred by the Company on the Mortgage Loans so purchased will exceed 1.00% of the aggregate principal balances of the Mortgage Loans as of the Cut-off Date, unless the Seller is directed by the holder of not less than a 95% Percentage Interest in the most subordinate class of Certificates to repurchase such a Mortgage Loan with funds provided by such Certificateholder and thereafter to transfer such Mortgage Loan to such Certificateholder. The right of a master servicer to repurchase certain delinquent mortgage loans is common in mortgage-backed securities transactions.

(30) The only amount that the Company expects to receive from collections on the Mortgage Loans as holder of a 0.01 percent interest in the Class R Certificates is 0.01 percent of the par amount of such Certificates plus interest thereon. While the Company as holder of a 0.01 percent interest in the Class R Certificates is liable for certain tax liabilities, the Company is being compensated for assuming these liabilities because the purchase price paid for the Mortgage Loans is higher than it would have been if the Company did not retain such interest. Because of the tax liabilities allocated to the Class R Certificates, the fair market value of the Class R Certificates as of the date hereof is less than zero. Losses directly resulting from defaults by mortgagors will not increase the tax liabilities allocated to the Class R Certificates.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings as in the Opinion or the Pooling Agreement, as applicable.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 30th day of March, 2006.

RESIDENTIAL FUNDING CORPORATION

By: _____
Name: Tim Jacobson
Title: Associate

Exhibit 7

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Opinion Letter of Orrick, Herrington & Sutcliffe, LLP re RALI 2006-Q03 Certificates, with Exhibit A Officer Certificate of Heather Anderson of Residential Accredit Loans, Inc., dated Mar. 30, 2006



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March 30, 2006

Standard & Poor's Rating Services, a division
of The McGraw-Hill Companies
55 Water Street
New York, NY 10041

Residential Accredit Loans, Inc.
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437

Residential Funding Corporation
8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437

Re: Residential Accredit Loans, Inc.
Mortgage Asset-Backed Pass-Through Certificates Series 2006-QO3
(Transfer from RALI to Trustee)

Ladies and Gentlemen:

We have acted as counsel to Residential Accredit Loans, Inc. (the "Depositor") in connection with the sale by the Depositor of the Depositor's right, title, and interest in and to certain notes secured by mortgages or deeds of trust on real property (collectively, the "Mortgage Loans"), pursuant to the Series Supplement, dated as of March 1, 2006, and the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (collectively, the "Pooling Agreement"), by and among the Depositor, Residential Funding Corporation ("RFC"), as master servicer (in such capacity, the "Master Servicer"), and Deutsche Bank Trust Company Americas (the "Bank"), as trustee (in such capacity, the "Trustee"). Pursuant to the Pooling Agreement, the Depositor will transfer the Mortgage Loans to the Trustee, and certificates (the "Certificates") representing interests in the Mortgage Loans will be issued. Pursuant to the Custodial Agreement, dated as of March 1, 2006 (the "Custodial Agreement"), among the Depositor, the Master Servicer, Wells Fargo Bank National Association, as custodian (the "Custodian"), and the Trustee, the Custodian will act as custodian with respect to the Mortgage Loans.

The Depositor has transferred to RFC a de minimis portion of the Class R-I and Class R-II Certificates issued under the Pooling Agreement (the "Retained Certificates"). Each of the Class A and Class R Certificates (other than the Retained Certificates), Class M Certificates and Class SB Certificates (collectively, the "Sold Certificates") have been sold by the Depositor and are now owned by entities not affiliated with the Depositor.

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Capitalized terms used herein that are not defined herein have the same meaning set forth in the Pooling Agreement.

You have requested our opinion as to whether, in a case under the United States Bankruptcy Code (Title 11, U.S.C.) (the "Bankruptcy Code") in which the Depositor is the debtor, a court would hold that a transfer of the Mortgage Loans (including collections thereon) by the Depositor to the Trustee in the form and manner set forth in the Pooling Agreement would constitute an absolute sale of the Mortgage Loans (including collections thereon), rather than a borrowing by the Depositor secured by the Mortgage Loans.

In connection with this opinion, we have reviewed the Pooling Agreement (the "Documents"). As to factual matters, we have relied without investigation on the representations and warranties set forth in the Documents. This opinion is based solely upon our review of the Documents and our examination of such matters of law as we have deemed necessary for purposes of rendering the opinions set forth herein.

For purposes of this opinion, we have assumed without investigation that the following statements are correct:

(1) Immediately prior to the transfer of the Mortgage Loans to the Trustee, the Depositor had good title and was the sole owner and holder of each Mortgage Loan, free and clear of any and all adverse claims, liens, pledges, offsets, defenses, counterclaims, charges, or security interests, of any nature, and had the full right and authority, subject to no interest or participation of, or agreement with, any other person, to transfer and assign the same.

(2) The consideration paid by the Trustee to the Depositor as payment of the purchase price of the Mortgage Loans has a fair market value equal to the fair market value of the Mortgage Loans.

(3) The proceeds of the Depositor's transfer of the Mortgage Loans to the Trustee accrue strictly to the Depositor, and the Depositor's use of the proceeds is not restricted by the Bank, the Trustee, or the Custodian.

(4) Each of the Depositor and the Trustee marks its books and records to indicate that the Mortgage Loans have been sold to the Trustee. The Depositor properly treats the transfer of the Mortgage Loans to the Trustee as a sale for accounting purposes, and the independent certified public accountants for the Depositor concur in such treatment. The

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Depositor properly treats such transfer as a sale for any applicable regulatory purposes. For tax reporting purposes, the Depositor properly treats such sale in a manner consistent with the treatment for accounting purposes.

(5) The obligors on the Mortgage Loans are not notified of the transfer of the Mortgage Loans to the Trustee. Any such notification would be time-consuming and expensive, would be confusing to obligors, and would impair customer relations. In transactions that are comparable to the transactions contemplated by the Documents it is standard industry practice not to notify the obligors of such transfers.

(6) There are no other agreements to which the Depositor or the Trustee is a party relating to the Mortgage Loans, other than the Documents, the Custodial Agreement, and the documents referred to therein.

(7) The Depositor does not control, is not controlled by, and is not under common control with, the Bank or the Custodian.

(8) The Depositor does not make any payments to the Trustee or the holders of the Certificates with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(9) The Depositor does not receive any payments with respect to the Mortgage Loans or the Certificates, except pursuant to the Documents.

(10) The obligation of the Depositor under the Pooling Agreement to repurchase or replace certain Mortgage Loans as to which there exists a breach of its representations and warranties is of a type commonly found in transactions comparable to the transactions contemplated by the Documents and is unrelated to defaults on the Mortgage Loans. The repurchase price to be paid by the Depositor represents the return of the consideration the Trustee paid for the repurchased Mortgage Loans.

(11) The Depositor does not provide any of the funds held in any buydown fund, and has no right to receive any of the funds held in such fund.

(12) The Depositor is not obligated to pay any insurance premiums in connection with any Mortgage Loan, any Certificate, or any Mortgaged Property, nor does the Depositor pay any such premiums, reimburse any insurer for, or otherwise make payments with

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respect to, any losses such insurer suffers (or would suffer but for such payment) in connection with a Mortgage Loan, a Mortgaged Property, or a Certificate.

(13) The Mortgage Loans do not all bear interest at the same rate. The interest rates on the Certificates are based upon the then-current market rates for comparably rated mortgage pass-through certificates at the time a commitment to sell the Certificates was made. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Depositor could obtain a secured loan.

(14) Each Mortgage has been recorded, there is a complete chain of assignments that evidence the assignment of each Mortgage from the originator to the Trustee or to MERS if the Mortgage Loan has been registered on the MERS® System after origination, and, unless the Mortgage Loan is a MOM Loan, each such assignment either has been recorded or is in the process of being recorded. The Trustee (or the Custodian) is in possession of the Mortgage Notes and Mortgages, except to the extent that the Mortgages have not been returned by the recording office. UCC financing statements stating that the transfer of the Mortgage Loans by the Depositor to the Trustee is a sale have been, or are in the process of being, filed in the appropriate filing office.

(15) The Depositor is not a Subservicer and does not service or subservice any Mortgage Loan.

(16) The Depositor intends the transfer of the Mortgage Loans to the Trustee pursuant to the Pooling Agreement to be a sale and not a secured borrowing.

(17) The Depositor does not own or hold any Certificates. The Sold Certificates are owned by entities not affiliated with the Depositor. As of the date hereof, the Retained Certificates are owned by RFC.

(18) There are no agreements of the type described in Section 3.01(c) of the Pooling Agreement. There is no instrument or fund of the type described in Section 11.01(e) of the Pooling Agreement.

In making a determination of whether the transfer of rights to payment, such as notes secured by liens on real property, is an absolute sale or a secured borrowing, courts have examined "all the facts and circumstances surrounding the transactions at issue." In re Golden Plan, 829 F.2d 705, 709 (9th Cir. 1986). Accord Major's Furniture Mart v. Castle Credit Corp.,

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602 F.2d 538, 544 (3d Cir. 1979). The nature of the transaction is to be "determined by its economic substance, not by the labels attached to it." RTC v. Aetna Casualty & Surety Company, 25 F.3d 570, 578 (7th Cir. 1994). Accord Endico Potatoes, Inc. v. CIT Group/Factoring, Inc., 67 F.3d 1063, 1068 (2d Cir. 1995). It has been noted, however, that "the distinction between purchase and lending transactions can be blurred," Reaves Brokerage Co. v. Sunbelt Fruit & Vegetable Co., 336 F.3d 410, 416 (5th Cir. 2003), and that as a result, the outcome of any case will depend on the precise facts of the case and the manner in which it is argued to the court, id. ("we expressly limit our holding to the facts and arguments presented in this admittedly close case"). The courts which have addressed this issue have weighed a number of factors in reaching their decisions, including the transfer of the risk of loss, the transfer of the opportunity for gain, the manner in which the interest rate received by the transferee is determined, the intent of the parties, the sources and timing of the payments made to the transferee, the form of the transaction, whether the transferor continues to service the transferred loans, and whether the transfer is recorded.

Of these various factors, one of the most important is the transfer of the risk of loss; that is, whether the credit risk that the notes will not be paid by the obligors has been shifted from the transferor of the notes to the transferee. See, e.g., Reaves Brokerage, 336 F.3d at 414 ("All these features bear on a common question – which party bears the risk?"); Endico Potatoes, 67 F.3d at 1069 ("The root of all of these factors is the transfer of risk"); In re The Woodson Co., 813 F.2d 266, 271-72 (9th Cir. 1987); Golden Plan, 829 F.2d at 709-10; Major's Furniture Mart, 602 F.2d at 545; McVay v. Western Plains Corp., 823 F.2d 1395, 1399 (10th Cir. 1987).

Courts have held that the risk of loss is not shifted to the transferee if the transferee has full recourse to the transferor in the event the obligors on the notes fail to make the required payments. E.g., Reaves Brokerage; Endico Potatoes; Woodson; Major's Furniture Mart; In re Executive Growth Investments, 40 B.R. 417 (Bankr. C.D. Cal. 1984); In re Coronet Capital Co., 142 B.R. 78, 80-81 (Bankr. S.D.N.Y. 1992)(assignment agreement under which assignor agreed to pay interest during periods when borrower was not current and to pay amounts due to assignee prior to assignor's retention of any payments was disguised loan). In certain circumstances, limited recourse, if such limited recourse is substantial, has been held to mean that the risk of loss has not been shifted. E.g., In re S.O.A.W. Enterprises, 32 B.R. 279 (Bankr. W.D. Tex. 1983) (70% recourse with guaranties); In re Hurricane Elkhorn Coal Corp. II, 19 B.R. 609 (Bankr. W.D. Ky. 1982) (20% recourse), aff'd in part & rev'd in part, 32 B.R. 737 (W.D. Ky. 1983), aff'd, 763 F.2d 188 (6th Cir. 1985).

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The Pooling Agreement transfers the Depositor's interests in the Mortgage Loans to the Trustee without recourse to the Depositor. If obligors on the Mortgage Loans fail to make the required payments, any resulting losses will be borne by the Certificateholders, not the Depositor, although the Retained Certificates may be held by RFC, an affiliate of the Depositor. In similar circumstances, the courts have found that the transferor no longer bears the risk of loss. E.g., Golden Plan.

The Depositor does have certain limited obligations with respect to the Mortgage Loans, but these obligations ought not be significant enough to conclude that the risk of loss remains with the Depositor. The Depositor is obligated to repurchase or substitute Qualified Substitute Mortgage Loans for Mortgage Loans which, in breach of the Depositor's representations and warranties, do not have specified attributes. This obligation is designed to ensure that the Mortgage Loans in fact have the attributes which the Depositor represented they have and that the Certificateholders do not suffer a loss solely by reason of the Depositor's misfeasance. This obligation does not relate to defaults by the obligors. The obligation of the Depositor to repurchase or replace certain Mortgage Loans as to which there exists a breach of its representations and warranties is common in comparable transactions.

Accordingly, the rights and obligations of the Depositor ought not be significant enough to require a conclusion that the risk of loss remains with the Depositor. But see McVay, 823 F.2d at 1398-99 (required repurchases of mortgages may in certain unspecified circumstances indicate that risk of loss remains with transferor and that transaction is not an absolute sale).

A second important factor considered by the courts is whether the opportunity for gain or loss, that is, the risk that the value of the obligations transferred will fluctuate due to changes in the market, has been shifted from the transferor to the transferee. If the opportunity for gain or loss has been so shifted, the transaction is more likely to be characterized as an absolute sale. See, e.g., In re Bellanca Aircraft Corp., 56 B.R. 339, 374-76 (Bankr. D. Minn. 1985) (aircraft), aff'd on this ground & rev'd on others, 850 F.2d 1275 (8th Cir. 1988).

The Depositor will not own or hold any Certificates. Furthermore, the Depositor has no right to obtain the return of the Mortgage Loans except pursuant to the limited repurchase obligations described above. Accordingly, any change in the market value of the Mortgage Loans will not be for the benefit or detriment of the Depositor, although the Retained Certificates may be held by RFC, an affiliate of the Depositor.



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A third important consideration is the manner in which the interest rate received by the transferee is determined. Woodson, 813 F.2d at 272. In Woodson, the court ruled that the transfer of mortgage notes was a secured borrowing because, inter alia, the interest rate received by the transferees varied by between one and six percent from the rates on the mortgage notes, and the transferees' interest rate was based on the rate at which the transferor could borrow funds. 813 F.2d at 272. See also S.O.A.W. Enterprises, 32 B.R. at 282 (secured loan where inter alia transferees received an interest rate higher than that on transferred mortgage notes). Here, the Trustee will receive the full amount of all payments made on the Mortgage Loans, except that servicing and related fees may be paid to third parties (including RFC, which is an affiliate of the Depositor). The interest rates on the Certificates are based upon the then-current market rates for comparably rated mortgage pass-through certificates at the time a commitment to sell the Certificates was made. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Depositor could obtain a secured loan. In addition, the Mortgage Loans bear interest at different rates and there can be only one interest rate at any one time for each class of Certificates.

A fourth important factor is the form of the transaction. While substance is more important than form, Major's Furniture Mart, 602 F.2d at 543, the courts, particularly in connection with assignments of mortgage loans, have looked closely at the form of the transaction. See, e.g., Golden Plan, 829 F.2d at 709; In re Columbia Pacific Mortgage, 20 B.R. 259 (Bankr. W.D. Wash. 1981); In re Lemons & Associates, Inc., 67 B.R. 198, 209 (Bankr. D. Nev. 1986); In re Candy Lane Corp., 38 B.R. 571, 576-77 (Bankr. S.D.N.Y. 1984). See also In re Bevill, Bresler & Schulman Asset Management Corp., 67 B.R. 557, 596-98 (D.N.J. 1986) (form very important in determining whether repurchase agreement was sale or secured loan, particularly where parties to agreement were sophisticated). But see RTC v. Aetna Casualty & Surety Company, 25 F.3d 570, 578 (7th Cir. 1994) (whether repurchase transaction is loan or sale is "determined by its economic substance, not by the labels attached to it"). Accord Endico Potatoes, Inc. v. CIT Group/Factoring, Inc., 67 F.3d 1063, 1068 (2d Cir. 1995).

The Pooling Agreement uses the form and language of a sales transaction. For accounting and any applicable regulatory purposes, the Depositor will properly treat the transfer as an absolute sale. For tax purposes, the Depositor will properly treat the transfer in a manner consistent with the treatment for accounting purposes. Except for the repurchase obligations and the limited indemnification obligations described above, the Depositor has no duty to satisfy the obligations to the Trustee using its own funds. Instead, payments will be received from funds generated by the Mortgage Loans, the insurance policies, or the buydown fund. See In re Evergreen Valley Resort, 23 B.R. 659, 661 (Bankr. D. Me. 1982) (secured loan if transferor can

ORRICK

use any source of funds to pay transferee); Endico Potatoes, 67 F.3d at 1068 (same). See also Golden Plan, 829 F.2d at 710 (fact that transferees expected repayment from obligors rather than transferor indicated that transfer was an absolute sale).

The Trustee paid the Depositor a purchase price for the Mortgage Loans that represents the fair market value of the Mortgage Loans. After the execution of the Pooling Agreement, the Depositor has very few rights with respect to the Mortgage Loans. It will not own or hold any of the Certificates. Except for the repurchase rights and obligations and the other limited obligations described above, the Depositor has no liability with respect to the Mortgage Loans. Other than a limited right to indemnity in certain circumstances, the Depositor has no right to payment from collections on the Mortgage Loans. The rights the Depositor retains with respect to the Mortgage Loans relate primarily to the mechanics of administration: the right to receive notices, certain control over the amendment of the Pooling Agreement, and other similar rights. These types of rights do not carry with them the economic benefits or burdens of ownership.

A fifth important consideration is the intent of the parties. E.g., Golden Plan, 829 F.2d at 708 n.2; In re Reeves, 65 F.3d 670, 674 (8th Cir. 1995); In re Yeary, 55 F.3d 504, 507 (10th Cir. 1995); In re Drewry, 99 B.R. 906, 913 (Bankr. N.D. Ind. 1989), aff'd, 1991 WL 348492 (N.D. Ind. 1991), aff'd, 966 F.2d 236 (7th Cir. 1992); In re Armando Gerstel, Inc., 65 B.R. 602, 604-05 (S.D. Fla. 1986); Candy Lane Corp., 38 B.R. at 575-77. It is the intent of the Depositor that the transfer of the Mortgage Loans by the Depositor to the Trustee be an absolute sale rather than a secured borrowing. The factors discussed above with respect to the form and structure of the transaction are further evidence of this intent. See, e.g., Reeves, 65 F.3d at 674; Goldstein v. Madison National Bank, 89 B.R. 274, 277 (D.D.C. 1988); Lemons & Assoc., 67 B.R. at 209-10.

Finally, some courts have indicated that if the transferor is the servicer of the transferred loans, or if the transfer is not recorded, then the transfer is more likely to be characterized as a secured borrowing. E.g., In re Mid Atlantic Fund, 60 B.R. 604, 608 (Bankr. S.D.N.Y. 1986); In re Alda Commercial Corp., 327 F. Supp. 1315 (S.D.N.Y. 1971). Other courts have rejected this view. E.g., Woodson, 813 F.2d at 272 (fact that transferor services mortgage loans is consistent with absolute sale). Here, the Depositor is not servicing the Mortgage Loans. Each of the Depositor and the Trustee will mark its books and records to indicate that the Mortgage Loans have been sold to the Trustee. However, the obligors on the Mortgage Loans will not be notified of the transfer of the Mortgage Loans to the Trustee. Any such notification would be time-consuming and expensive, would impair customer relations with

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obligors, and in comparable transactions it is standard industry practice not to notify the obligors of such transfers. Moreover, except in the case of Mortgage Loans registered on the MERS® System, all assignments of the Mortgages are recorded and the Trustee or the Custodian on behalf of the Trustee maintains possession of the Mortgage Notes and Mortgages. UCC financing statements stating that the transfer of the Mortgage Loans by the Depositor to the Trustee is a sale have been, or are in the process of being, filed in the appropriate filing offices.

Section 541(d) of the Bankruptcy Code provides:

> Property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest, such as a mortgage secured by real property, or an interest in such a mortgage, sold by the debtor but as to which the debtor retains legal title to service or supervise the servicing of such mortgage or interest, becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

In enacting Section 541(d), Congress stated that its intention was to "confirm[] the current status . . . of bona fide secondary mortgage market transactions as the purchase and sale of assets. Mortgages or interests in mortgages sold in the secondary market should not be considered as part of the debtor's estate." S. Rep. No. 95-989 at 83-84 (1978). In particular, Congress wanted to be sure that sales of mortgage loans would not be challenged by "trustees asserting that a sale of mortgages is a loan from the purchaser to the seller." 124 Cong. Rec. S17,413 (daily ed. Oct. 6, 1978). Accordingly, Congress made it clear that several factors were "irrelevant": the fact that the transferor performed the servicing, the fact that the assignments of mortgages were not recorded and the notes not endorsed, and the fact that the transferor retained possession of the notes and mortgages. The transactions contemplated by the Documents are bona fide secondary mortgage market transactions which ought to be protected by the principles underlying Section 541(d).

We are aware of the decision in In re Dias, 24 B.R. 542, 545 (Bankr. D. Idaho 1982), in which the court relied on Section 541(a)(6) of the Bankruptcy Code to invalidate an assignment that was absolute under state law. See also In re Guardian Realty Group, L.L.C., 205 B.R. 1 (Bankr. D.D.C. 1997) (assignment of rents that was absolute under state law was only for security under the Bankruptcy Code). The statement by the bankruptcy court in Dias was arguably dicta, but in any event, the better-reasoned view is that put forth by the United States

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Court of Appeals for the Fifth Circuit in In re Louisiana World Exposition, 832 F.2d 1391, 1401 (5th Cir. 1987): Section 541(a)(6) "does not give the bankrupt's estate property the debtor would not own if it were solvent."

Based on and subject to the foregoing, as well as the limitations set forth below and the further qualification that there is no case directly on point, we are of the opinion that, if the Depositor became the debtor in a case under the Bankruptcy Code, and the matter were properly briefed and presented to a federal court, exercising bankruptcy jurisdiction, the court exercising reasonable judgment after full consideration of all relevant factors would hold that a transfer of the Mortgage Loans (including the collections thereon) by the Depositor to the Trustee in the form and manner set forth in the Pooling Agreement would constitute an absolute sale of the Mortgage Loans (including the collections thereon), rather than a borrowing by the Depositor secured by the Mortgage Loans, so that the Mortgage Loans (including the collections thereon) would not be property of the Depositor under Section 541(a)(1) of the Bankruptcy Code, and thus such Mortgage Loans (including collections thereon) would not be subject to the automatic stay of Section 362(a) of the Bankruptcy Code as it applies to "property of the estate."

We note that the court may, on an interim basis, impose a temporary or preliminary stay with respect to the Mortgage Loans or the collections thereon in order to afford itself time to ascertain the facts and apprise itself of the law. See, e.g., In re Leisure Dynamics, Inc., 33 B.R. 171 (Bankr. D. Minn. 1983) (letter of credit).

We do not express any opinion herein as to (i) any matter not governed by the Bankruptcy Code, and thus we do not express an opinion as to the law of any state, (ii) the enforceability, perfection, validity, binding nature, or legality of any transfer, document, or agreement, (iii) any bankruptcy case affecting any entity other than the Depositor, or the consequences thereof, or (iv) any Mortgage Loans in the possession of the Depositor or any collections that are in the possession of the Depositor and have been commingled with other moneys.

This opinion letter addresses the legal consequences of only the facts existing or assumed as of the date hereof. The opinions expressed herein are based on an analysis of existing laws and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted, events occurring, or changes in the relevant facts, after the date hereof. We have not undertaken to determine, or to inform any person of, the occurrence or non-occurrence of any such actions, events, or changes. This opinion is solely for your benefit in connection with the transactions described in the first

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paragraph of this opinion and may not be relied upon or used by, circulated, quoted, or referred to, nor may copies hereof be delivered to, any other person without our prior written approval, except that RFC and the Depositor may make copies of this opinion letter available to its auditors solely as evidential matter in support of their evaluation of RFC's and the Depositor's management's assertions that the transfer of the mortgage loans owned by the trusts created in connection with the issuance of the Certificates meets the isolation criterion of SFAS 140. In authorizing RFC and the Depositor to make copies of this opinion letter available to its auditors for such purpose, we are not undertaking or assuming any duty or obligation to RFC's or the Depositor's auditors or establishing any attorney-client relationship with them and do not undertake or assume any responsibility with respect to any financial statements of RFC or the Depositor or any of their affiliates. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

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EXHIBIT A

Residential Accredit Loans, Inc.
OFFICER'S CERTIFICATE

The undersigned, Heather Anderson, does hereby certify on behalf of Residential Accredit Loans, Inc. (the "Company"), for the purposes of the opinion (the "Opinion") to be rendered by Orrick, Herrington & Sutcliffe LLP on March 30, 2006, in connection with the execution and delivery of the Series Supplement, dated as of March 1, 2006, and the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 (collectively, the "Pooling Agreement"), by and among the Company, Residential Funding Corporation, as Master Servicer ("Master Servicer"), and Deutsche Bank Trust Company Americas, (the "Bank"), as trustee (in such capacity, the "Trustee"), and the issuance of Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3 (the "Certificates"), that she is a duly elected, qualified, and acting Vice President of the Company, and further that:

(1) She is authorized to execute and deliver this Officer's Certificate on behalf of the Company.

(2) She has reviewed the Pooling Agreement and the documents referred to therein, and has made such inquiry as is necessary to enable her to deliver this certificate.

(3) Immediately prior to the transfer of the Mortgage Loans to the Trustee, the Company had good title and was the sole owner and holder of each Mortgage Loan, free and clear of any and all adverse claims, liens, pledges, offsets, defenses, counterclaims, charges, or security interests, of any nature, and had the full right and authority, subject to no interest or participation of, or agreement with, any other person, to transfer and assign the same.

(4) On the date hereof, the Company has sold the Mortgage Loans to the Trustee in return for the Certificates, which consideration has a fair market value equal to the fair market value of the Mortgage Loans.

(5) The consideration paid by the Trustee to the Depositor as payment of the purchase price of the Mortgage Loans has a fair market value equal to the fair market value of the Mortgage Loans.

(6) The Company's use of the proceeds of sale of the Mortgage Loans is not restricted by the Bank, the Trustee or the Custodian.

(7) Each of the Company and the Trustee marks its books and records to indicate that the Mortgage Loans have been sold to the Trustee. The Company will properly treat the sale of its interest in the Mortgage Loans to the Trustee as a sale for accounting purposes, and the independent certified public accountants for the Company have concurred in such treatment for similar mortgage pass-through transactions and the Company believes that

such accountants continue to so concur. The Depositor properly treats such transfer as a sale for any applicable regulatory purposes. For tax reporting purposes, the Company will treat such sale in a manner consistent with the treatment for accounting purposes.

(8) The obligors are not notified of the transfer of the Mortgage Loans to the Trustee. Any such notification would be time-consuming and expensive, would be confusing to obligors, and would impair customer relations with obligors. In transactions involving large numbers of mortgage loans secured by residential real property it is standard industry practice not to notify the obligors of the transfer.

(9) The Company does not control, is not controlled by, and is not under common control with, the Bank or the Custodian.

(10) There are no other agreements between the Company and the Trustee relating to or affecting the Mortgage Loans, other than the Pooling Agreement, the Custodial Agreement, dated as of March 1, 2006 (the "Custodial Agreement") among the Company, the Master Servicer, Wells Fargo Bank National Association, as custodian and the Trustee, and the agreements referred to therein. The Company does not assert any interest in the Mortgage Loans except pursuant to such documents.

(11) The obligation of the Company under the Pooling Agreement to repurchase or replace certain Mortgage Loans as to which there exists a breach of its representations and warranties is of a type commonly found in comparable mortgage-backed securities transactions.

(12) The Company is not obligated to pay any insurance premiums in connection with any Mortgage Loan, any Certificate, or any Mortgaged Property, nor does the Company pay any such premiums, reimburse any insurer for, or otherwise make payments with respect to, any losses such insurer suffers (or would suffer but for such payment) in connection with a Mortgage Loan, a Mortgaged Property, or a Certificate.

(13) The Company does not make any payments to the Trustee or the holders of the Certificates with respect to the Mortgage Loans or the Certificates, except pursuant to the Pooling Agreement.

(14) The Company does not receive any payments (other than payment of the Purchase Price) with respect to the Mortgage Loans or the Certificates, except pursuant to the Pooling Agreement.

(15) The Company does not own or hold any of the Certificates. The Sold Certificates are owned by entities not affiliated with the Company. The Retained Certificates are owned by RFC.

(16) The Mortgage Loans do not all bear interest at the same rate. The interest rates on the Certificates at the time a commitment to sell the Certificates was made were based

upon the current market rates for comparably rated mortgage pass-through certificates. Neither the yield nor the rate of return on any class of Certificates is based on the rate at which the Company could obtain a secured loan.

(17) Each Mortgage has been recorded, there is a complete chain of assignments that evidence the assignment of the Mortgage from the originator to the Trustee or to MERS if the Mortgage Loan has been registered on the MERS® System after origination, and, unless the Mortgage Loan is a MOM Loan, each such assignment either has been or is in the process of being recorded. The Trustee (or the Custodian) is in possession of the Mortgage Notes and Mortgages, except to the extent that the Mortgages have not been returned by the recording office.

(18) The Company is not a Subservicer, and does not service or subservice any Mortgage Loan.

(19) The Company intends the transfer of the Mortgage Loans to the Trustee pursuant to the Pooling Agreement to be a sale and not a secured borrowing.

(20) There are no agreements of the type described in Section 3.01(c) of the Pooling Agreement. There is no instrument or fund of the type described in Section 11.01(e) of the Pooling Agreement.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings as in the Opinion or the Pooling Agreement, as applicable.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 30th day of March, 2006.

RESIDENTIAL ACCREDIT LOANS, INC.

By: _____

Name: Heather Anderson
Title: Vice President

Exhibit 8

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

June 2006 Distribution Report for RALI 2006-QO3

GMAC RFC

Statement to Certificateholder

Distribution Information	Deal Information
1. Distribution Summary	Deal Name: Residential Accredit Loans Inc, 2006-QO3
2. Factor Summary	Asset Type: Mortgage Asset-Backed Pass-Through Certificates
3. Components Information *(Not Applicable)*	Closing Date: 03/30/2006
4. Interest Summary	First Distribution Date: 04/25/2006
5. Other Income Detail *(Not Applicable)*	Determination Date: 06/22/2006
6. Interest Shortfalls, Compensation and Expenses	Distribution Date: 06/26/2006
7. Prepayment Interest and Basis Risk/Net WAC Shortfall Amounts	Record Date:
8. Collateral Summary	Book-Entry: 06/23/2006
9. Repurchase Information	Definitive: 05/31/2006
10. Loan Status Report (Delinquencies)	Trustee: Deutsche Bank Trust Company Americas
11. Deal Delinquencies (30 Day Buckets)	Main Telephone: 714-247-6000
12. Loss Mitigation and Servicing Modifications	GMAC-RFC
13. Losses and Recoveries	Bond Administrator: Rona Hsu
14. Credit Enhancement Report	Telephone: 818-260-1508
15. Distribution Percentages	Pool(s) : 40313
16. Overcollateralization Summary	
17. Excess Cash Flow, Overcollateralization Provisions and Derivative Amounts	
18. Performance Tests	
19. Lender Paid Mortgage Insurance *(Not Applicable)*	
20. Comments	

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

1. Distribution Summary

Class	CUSIP	Original Face Value	Beginning Notional/ Principal Balance	Pass-Through Rate	Principal Distribution	Interest Distribution	Total Distribution (3) + (4) = (5)	Principal Loss	Interest Loss	Deferred Interest	Ending Notional/ Principal Balance (1)-(3)-(6)+(8)=(9)
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A-1	761118WP9	359,391,000.00	359,317,412.16	5.29125000	1,035,896.56	1,689,989.56	2,725,886.12	0.00	0.00	0.00	358,281,515.60
A-2	761118WQ7	149,747,000.00	149,719,248.16	5.34125000	431,634.11	710,833.72	1,142,467.83	0.00	0.00	0.00	149,287,614.05
A-3	761118WR5	89,848,000.00	89,833,793.26	5.41125000	258,986.94	432,100.55	691,087.49	0.00	0.00	0.00	89,574,806.32
M-1	761118WS3	16,576,000.00	16,610,731.77	5.50125000	0.00	81,226.48	81,226.48	0.00	0.00	0.00	16,610,731.77
M-2	761118WT1	8,450,000.00	8,467,738.24	5.51125000	0.00	41,482.51	41,482.51	0.00	0.00	0.00	8,467,738.24
M-3	761118WU8	3,250,000.00	3,256,873.03	5.55125000	0.00	16,070.86	16,070.86	0.00	0.00	0.00	3,256,873.03
M-4	761118WV6	3,250,000.00	3,257,189.51	5.80125000	0.00	16,796.24	16,796.24	0.00	0.00	0.00	3,257,189.51
M-5	761118WW4	3,250,000.00	3,257,265.46	5.86125000	0.00	16,970.35	16,970.35	0.00	0.00	0.00	3,257,265.46
M-6	761118WX2	3,250,000.00	3,257,455.35	6.01125000	0.00	17,405.67	17,405.67	0.00	0.00	0.00	3,257,455.35
M-7	761118WY0	4,550,000.00	4,561,447.67	6.46465047	0.00	26,684.47	26,684.47	0.00	0.00	0.00	4,561,447.67
M-8	761118WZ7	3,250,000.00	3,258,176.91	6.46465047	0.00	19,060.33	19,060.33	0.00	0.00	0.00	3,258,176.91
SB	761118XA1	5,200,926.42	5,200,103.41	0.00000000	0.00	761,599.33	761,599.33	0.00	0.00	0.00	5,200,103.41
R-I	761118XB9	0.00	0.00	0.00000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R-II	761118XC7	0.00	0.00	0.00000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deal Totals		**650,012,926.42**	**649,997,434.93**		**1,726,517.61**	**3,830,220.07**	**5,556,737.68**	**0.00**	**0.00**	**0.00**	**648,270,917.32**

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Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

2. Factor Summary

Amount /Original Amount per $1000 unit)

Class	CUSIP	Beginning Notional/ Principal Balance Factor	Principal Distribution Factor	Interest Distribution Factor	Total Distribution Factor	Deferred Interest Factor	Interest Shortfall Factor	Ending Notional/ Principal Balance Factor
A-1	761118WP9	999.79524295	2.88236645	4.70237029	7.58473674	0.00000000	0.00000000	996.91287650
A-2	761118WQ7	999.81467515	2.88242242	4.74689790	7.62932032	0.00000000	0.00000000	996.93225273
A-3	761118WR5	999.84188029	2.88250089	4.80923949	7.69174038	0.00000000	0.00000000	996.95937940
M-1	761118WS3	1,002.09530466	0.00000000	4.90024614	4.90024614	0.00000000	0.00000000	1,002.09530466
M-2	761118WT1	1,002.09920000	0.00000000	4.90917278	4.90917278	0.00000000	0.00000000	1,002.09920000
M-3	761118WU8	1,002.11477846	0.00000000	4.94488000	4.94488000	0.00000000	0.00000000	1,002.11477846
M-4	761118WV6	1,002.21215692	0.00000000	5.16807385	5.16807385	0.00000000	0.00000000	1,002.21215692
M-5	761118WW4	1,002.23552615	0.00000000	5.22164615	5.22164615	0.00000000	0.00000000	1,002.23552615
M-6	761118WX2	1,002.29395385	0.00000000	5.35559077	5.35559077	0.00000000	0.00000000	1,002.29395385
M-7	761118WY0	1,002.51597143	0.00000000	5.86471868	5.86471868	0.00000000	0.00000000	1,002.51597143
M-8	761118WZ7	1,002.51597231	0.00000000	5.86471692	5.86471692	0.00000000	0.00000000	1,002.51597231
SB [1]	761118XA1							
R-I	761118XB9	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
R-II	761118XC7	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000

[1] Factors not reported for OC Classes

Deal Factor :	99.73200393%

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

4. Interest Summary

The following section only reports information for classes that have accrued interest for this distribution.

Class	Accrual Period		Accrual Methodology	Beginning Notional/Principal Balance	Pass-Through Rate	Optimal Interest Amount	Interest Loss	Deferred Interest	Interest Shortfall Amount	Other Income	Interest Distribution (1)-(2)-(3)-(4)+(5)=(6)	Accrued Certificate Interest Remaining Unpaid
	Start	End				(1)	(2)	(3)	(4)	(5)	(6)	
A-1	05/25/2006	06/25/2006	Actual/360	359,317,412.16	5.29125000	1,689,989.56	0.00	0.00	0.00	0.00	1,689,989.56	0.00
A-2	05/25/2006	06/25/2006	Actual/360	149,719,248.16	5.34125000	710,833.72	0.00	0.00	0.00	0.00	710,833.72	0.00
A-3	05/25/2006	06/25/2006	Actual/360	89,833,793.26	5.41125000	432,100.55	0.00	0.00	0.00	0.00	432,100.55	0.00
M-1	05/25/2006	06/25/2006	Actual/360	16,610,731.77	5.50125000	81,226.48	0.00	0.00	0.00	0.00	81,226.48	0.00
M-2	05/25/2006	06/25/2006	Actual/360	8,467,738.24	5.51125000	41,482.51	0.00	0.00	0.00	0.00	41,482.51	0.00
M-3	05/25/2006	06/25/2006	Actual/360	3,256,873.03	5.55125000	16,070.86	0.00	0.00	0.00	0.00	16,070.86	0.00
M-4	05/25/2006	06/25/2006	Actual/360	3,257,189.51	5.80125000	16,796.24	0.00	0.00	0.00	0.00	16,796.24	0.00
M-5	05/25/2006	06/25/2006	Actual/360	3,257,265.46	5.86125000	16,970.35	0.00	0.00	0.00	0.00	16,970.35	0.00
M-6	05/25/2006	06/25/2006	Actual/360	3,257,455.35	6.01125000	17,405.67	0.00	0.00	0.00	0.00	17,405.67	0.00
M-7	05/25/2006	06/25/2006	Actual/360	4,561,447.67	6.46465047	26,684.47	0.00	0.00	0.00	0.00	26,684.47	0.00
M-8	05/25/2006	06/25/2006	Actual/360	3,258,176.91	6.46465047	19,060.33	0.00	0.00	0.00	0.00	19,060.33	0.00
SB	05/01/2006	05/31/2006	Actual/360	5,200,103.41	0.00000000	0.00	0.00	0.00	0.00	761,599.33	761,599.33	0.00
Deal Totals				**649,997,434.93**		**3,068,620.74**	**0.00**	**0.00**	**0.00**	**761,599.33**	**3,830,220.07**	**0.00**

Current Index Rates

Index Type	Rate	Classes
BTLIB TEL 25 -2BD	5.08125000	A-1, A-2, A-3, M-2, M-4, M-6, M-8, M-7, M-5, M-3, M-1

6. Interest Shortfalls, Compensation and Expenses

	Current Prepayment Interest Shortfall Amount	Compensating Interest	Net Prepayment Interest Shortfall Amount (1) - (2)=(3)	Civil Relief Act Shortfall Count	Civil Relief Act Shortfall Amount	Compensation		Advances		Allowable Expenses per Governing Documents	Non-Recoverable Advances
	(1)	(2)	(3)			Subservicer	Master Servicer	Subservicer	Master Servicer		
Deal Totals	**2,155.70**	**2,155.70**	**0.00**	**0**	**0.00**	**203,254.04**	**26,100.39**	**25,155.84**	**0.00**	**0.00**	**0.00**

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

7. Prepayment Interest and Basis Risk/Net WAC Shortfall Amounts

(A) Prepayment Interest Shortfall Amounts

Class	Current Period	Prior Unpaid	Prior Unpaid Accrued Interest	Total Paid	Remaining Unpaid (1)+(2)+(3)-(4)=(5)
	(1)	(2)	(3)	(4)	(5)
A-1	0.00	0.00	0.00	0.00	0.00
A-2	0.00	0.00	0.00	0.00	0.00
A-3	0.00	0.00	0.00	0.00	0.00
M-1	0.00	0.00	0.00	0.00	0.00
M-2	0.00	0.00	0.00	0.00	0.00
M-3	0.00	0.00	0.00	0.00	0.00
M-4	0.00	0.00	0.00	0.00	0.00
M-5	0.00	0.00	0.00	0.00	0.00
M-6	0.00	0.00	0.00	0.00	0.00
M-7	0.00	0.00	0.00	0.00	0.00
M-8	0.00	0.00	0.00	0.00	0.00
SB	0.00	0.00	0.00	0.00	0.00
R-I	0.00	0.00	0.00	0.00	0.00
R-II	0.00	0.00	0.00	0.00	0.00

(B) Basis Risk/Net WAC Shortfall Amounts

Current Period Uncompensated	Prior Unpaid	Prior Unpaid Accrued Interest	Total Paid	Remaining Unpaid (1)+(2)+(3)-(4)=(5)
(1)	(2)	(3)	(4)	(5)
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
472.77	0.00	0.00	472.77	0.00
337.69	0.00	0.00	337.69	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

8. Collateral Summary

A. Loan Count and Balances

	Original Loan Count/ Scheduled Principal Balance		Beginning Loan Count/ Scheduled Principal Balance		Curtailments		Payoffs		Total Repurchases		Principal Portion of Losses		Ending Loan Count/ Scheduled Principal Balance	
	Count	Balance	Count	Balance	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Balance
Deal Totals	1,897	650,012,926.42	1,890	649,997,434.93	460	201,001.16	12	3,382,994.95	0	0.00	0	0.00	1,878	648,270,917.31

B. Weighted Averages

	Beginning Weighted Average Gross Mortgage Rate	Ending Weighted Average Gross Mortgage Rate	Ending Weighted Average Remaining Amortization Term	Ending Weighted Average Months to Maturity	Beginning Weighted Average Net Mortgage Rate	Ending Weighted Average Net Mortgage Rate	Beginning Weighted Average Unmodified Net Mortgage Rate	Net Weighted Average Cap Rate	Weighted Average Net Rate
Deal Totals	7.32062717	7.45710726	370.95	370.95	6.89562716	7.03210726	6.89562716	N/A	N/A

C. Constant Prepayment Rate

	1 Month CPR	3 Month CPR	6 Month CPR	12 Month CPR	Life CPR
Deal Totals	6.40%	3.40%			3.40%

9. Repurchases

		Breaches Of Representations and Warranties	ARM Conversions	Optional Repurchases of Defaulted Loans	Others	Total (1)+(2)+(3)+(4)=(5)
		(1)	(2)	(3)	(4)	(5)
Deal Totals	Count	0	0	0	0	0
	Scheduled Balance	0.00	0.00	0.00	0.00	0.00

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

10. Loan Status Report

Delinquency Calculation Method: Mortgage Bankers Association

Deal Totals	Current / Delinquent		Bankruptcy		Foreclosure		REO			Total	
	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Actual Balance	Count	Scheduled Balance
Current	1,857	639,711,640.55	0	0.00	0	0.00	0	0.00	0.00	1,857	639,711,640.55
30 days	20	8,347,585.54	0	0.00	0	0.00	0	0.00	0.00	20	8,347,585.54
60 days	1	211,691.22	0	0.00	0	0.00	0	0.00	0.00	1	211,691.22
90 days	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0	0.00
120 days	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0	0.00
150 days	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0	0.00
180 days	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0	0.00
181+ days	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0	0.00
Total	**1,878**	**648,270,917.31**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0.00**	**1,878**	**648,270,917.31**
Current	98.88%	98.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.88%	98.68%
30 days	1.06%	1.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.06%	1.29%
60 days	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.03%
90 days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
120 days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
180 days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
181+ days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	**100.00%**	**100.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100.00%**	**100.00%**

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

11. Delinquency Data

	Totals			Totals			Totals			Totals			Totals	
	Count % Count	Balance % Balance		Count % Count	Balance % Balance		Count % Count	Balance % Balance		Count % Count	Balance % Balance		Count % Count	Balance % Balance
1 Month	20 1.06%	8,347,585.54 1.29%	13 Months	0 0.00%	0.00 0.00%	25 Months	0 0.00%	0.00 0.00%	37 Months	0 0.00%	0.00 0.00%	49 Months	0 0.00%	0.00 0.00%
2 Months	1 0.05%	211,691.22 0.03%	14 Months	0 0.00%	0.00 0.00%	26 Months	0 0.00%	0.00 0.00%	38 Months	0 0.00%	0.00 0.00%	50 Months	0 0.00%	0.00 0.00%
3 Months	0 0.00%	0.00 0.00%	15 Months	0 0.00%	0.00 0.00%	27 Months	0 0.00%	0.00 0.00%	39 Months	0 0.00%	0.00 0.00%	51 Months	0 0.00%	0.00 0.00%
4 Months	0 0.00%	0.00 0.00%	16 Months	0 0.00%	0.00 0.00%	28 Months	0 0.00%	0.00 0.00%	40 Months	0 0.00%	0.00 0.00%	52 Months	0 0.00%	0.00 0.00%
5 Months	0 0.00%	0.00 0.00%	17 Months	0 0.00%	0.00 0.00%	29 Months	0 0.00%	0.00 0.00%	41 Months	0 0.00%	0.00 0.00%	53 Months	0 0.00%	0.00 0.00%
6 Months	0 0.00%	0.00 0.00%	18 Months	0 0.00%	0.00 0.00%	30 Months	0 0.00%	0.00 0.00%	42 Months	0 0.00%	0.00 0.00%	54 Months	0 0.00%	0.00 0.00%
7 Months	0 0.00%	0.00 0.00%	19 Months	0 0.00%	0.00 0.00%	31 Months	0 0.00%	0.00 0.00%	43 Months	0 0.00%	0.00 0.00%	55 Months	0 0.00%	0.00 0.00%
8 Months	0 0.00%	0.00 0.00%	20 Months	0 0.00%	0.00 0.00%	32 Months	0 0.00%	0.00 0.00%	44 Months	0 0.00%	0.00 0.00%	56 Months	0 0.00%	0.00 0.00%
9 Months	0 0.00%	0.00 0.00%	21 Months	0 0.00%	0.00 0.00%	33 Months	0 0.00%	0.00 0.00%	45 Months	0 0.00%	0.00 0.00%	57 Months	0 0.00%	0.00 0.00%
10 Months	0 0.00%	0.00 0.00%	22 Months	0 0.00%	0.00 0.00%	34 Months	0 0.00%	0.00 0.00%	46 Months	0 0.00%	0.00 0.00%	58 Months	0 0.00%	0.00 0.00%
11 Months	0 0.00%	0.00 0.00%	23 Months	0 0.00%	0.00 0.00%	35 Months	0 0.00%	0.00 0.00%	47 Months	0 0.00%	0.00 0.00%	59 Months	0 0.00%	0.00 0.00%
12 Months	0 0.00%	0.00 0.00%	24 Months	0 0.00%	0.00 0.00%	36 Months	0 0.00%	0.00 0.00%	48 Months	0 0.00%	0.00 0.00%	60+ Months	0 0.00%	0.00 0.00%

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

12. Loss Mitigation and Servicing Modifications

		Current		1 Payment		2 Payments		3+ Payments		Foreclosure		REO		Total	
	Modification Type	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance
Deal Totals	Capitalizations	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Other Modifications	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

Modification Type		Payoffs				Repurchases				Liquidations				Total			
		Current Month		Cumulative		Current Month		Cumulative		Current Month		Cumulative		Current Month		Cumulative	
		Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance	Count	Scheduled Balance
Deal Totals	Capitalizations	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Other Modifications	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

13. Losses and Recoveries

A. Current Cycle Realized Losses

Current Period Realized Losses		Liquidations	Charge-Offs	Servicing Modifications	Bankruptcy Losses	Total
Deal Totals	Loss Count	0	0	0	0	0
	Beginning Aggregate Scheduled Balance	0.00	0.00	0.00	0.00	0.00
	Principal Portion of Loss	0.00	0.00	0.00	0.00	0.00
	Interest Portion of Loss	0.00	0.00	0.00	0.00	0.00
	Total Realized Loss	0.00	0.00	0.00	0.00	0.00

B. Cumulative Realized Losses

Cumulative Realized Losses		Liquidations	Charge-Offs	Servicing Modifications	Bankruptcy Losses	Total
Deal Totals	Loss Count	0	0	0	0	0
	Total Realized Loss	0.00	0.00	0.00	0.00	0.00

C. Subsequent Recoveries

Subsequent Recoveries		Current Period	Cumulative
Deal Totals	Subsequent Recoveries Count	0	0
	Subsequent Recoveries	0.00	0.00
	Net Loss [1]	0.00	0.00
	Net Loss % [2]	0.00%	0.00%

[1] Total Realized Loss less Subsequent Recoveries

[2] Net Loss % of Original Balance

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

D. Default Percentages

Default Loss Percentage		1 Month	3 Months	6 Months	12 Months	Life of Deal
	Monthly Default Rate	0.00%	0.00%			0.00 %
	Constant Default Rate	0.00%	0.00%			0.00%

1-Month MDR (Current Month) = SUM(Beginning Scheduled balances of liquidating loans) / [SUM(Beginning Scheduled loan balances)- SUM(Scheduled Principal payments)]
m-Month = 3, 6, 12, months or the life of deal to date
m-Month MDR(over m months in period where n is current month)= 1-[(1-MDR$_{n-m+1}$) * (1-MDR$_{n-m+2}$) *….* (1-MDR $_{n-1}$) * (1-MDR$_n$)]^(1/m)
CDRm = 1- [(1- MDR$_m$)^12],where m is number of months in period

14. Credit Enhancement Report

Reserve Accounts

Description	Source	Beginning Balance	DEPOSITS		WITHDRAWALS		Ending Balance
			Investment Earnings	Other Deposits	Draws	Releases	
Basis Risk Shortfall Reserve	Goldman Sachs & Company	0.00	0.00	0.00	0.00	0.00	0.00

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

15. Distribution Percentages

	Beginning Current Super Senior Percentage	Beginning Current Senior Support Percentage	Beginning Current Senior Percentage	Beginning Current Senior Accelerated Percentage
	0.00000000%	0.00000000%	92.13427952%	0.00000000%

	Ending Percentage
M-1	2.56231327%
M-2	1.30620363%
M-3	0.50239382%
M-4	0.50244264%
M-5	0.50245436%
M-6	0.50248365%
M-7	0.70363293%
M-8	0.50259495%
Class M Total:	7.08451925%
SB	0.80214973%
R-I	0.00000000%
R-II	0.00000000%
Class B Total:	0.80214973%

16. Overcollateralization Summary

	Prior Required Overcollateralization Amount	Beginning Overcollateralization Amount	Overcollateralization Increase/(Reduction) Amount	Ending Overcollateralization Amount	Current Required Overcollateralization Amount
Deal Total	5,200,103.41	5,200,103.41	0.00	5,200,103.41	5,200,103.41

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

17. Excess Cashflow, Overcollateralization and Derivative Amounts

Excess Cashflow and Derivative Summary		
(1)	Scheduled Unmodified Net Interest	3,735,116.64
(2)	Interest Losses	0.00
(3)	Subsequent Recoveries	0.00
(4)	Interest Adjustment Amount	0.00
(5)	Certificate Interest Amount	3,067,810.28
(6)	OC Reduction Amount	0.00
(7)	Excess Cashflow Prior to OC Provisions	667,306.36

Overcollateralization and Derivative Amounts		
	Excess Cashflow Prior to OC Provisions	667,306.36
(1)	Unreimbursed Principal Portion of Realized Losses	0.00
(2)	Principal Portion of Realized Losses	0.00
(3)	Overcollateralization Increase	0.00
(4)	Prepayment Interest Shortfall	0.00
(5)	Unpaid PPIS With Accrued Interest	0.00
(6)	Basis Risk Shortfall Carry-Forward Amount	810.46
(7)	Relief Act Shortfall	0.00
(8)	Unreimbursed Realized Losses	0.00
(9)	To Class SB Certificates	666,495.90

GMAC RFC

Statement to Certificateholder

Residential Accredit Loans Inc, 2006-QO3

June 26, 2006

18. Performance Tests

Current Distribution Date >= Target Distribution	
Current Distribution Date >= Target Distribution Date	False
Stepdown Date - Senior Enhancement Test	
Senior Enhance Pct >= Specified Senior Enhance Pct (Actual End Balance <= Target End Balance)	False
StepDown Date and Senior Enhancement pass	
After StepDown Date and Senior Enh Percent >= Target Percent	False
Sixty-Plus Delinquency Percentage >= Target %	
Sixty-Plus Delinquency Percentage >= Senior Enhancement Delinquency Percentage Target	False
Aggregate Realized Loss % >= Scheduled Loss %	
Aggregate Realized Loss Percentage >= Scheduled Loss Percent	False
Trigger Event is in effect?	
Trigger Event is in effect	False
Stepdown Date and Trigger Event in effect	
Trigger Event is in effect on or after StepDown Date	False

20. Comments

ERISA Text: Each beneficial owner of any Certificate (or any interest therein) which provides credit enhancement for any other Certificate and is available in book-entry form, including any such Class M Certificate, shall be deemed to have represented, by virtue of its acquisition or holding of such Certificate (or interest therein), that either: a) it is not an employee benefit or other plan subject to the prohibited transaction provision of the Employee Retirement Income Security Act of 1974, as amended('ERISA'), or Section 4975 of the Internal Revenue Code of 1986, as amended (a 'Plan'), or any other person (including an investment manager, a named fiduciary or a trustee of any Plan) acting, directly or indirectly, on behalf of purchasing any Certificate with 'plan assets' of any Plan; or b) (i) the transferee is an insurance company, (ii) the source of funds to be used by it to purchase the Certificates is an 'insurance company general account' (within the meaning of Department of Labor Prohibited Transaction Class Exemption ('PTCE') 95-60), and (iii) the conditions set forth in Section I and III of PTCE 95-60 have been satisfied. Any purported beneficial owner of any such book-entry Certificate (or interest therein) to whom either (a) or (b) above does not apply shall indemnify and hold harmless the Company, the Trustee, the Master Servicer, any Subservicer, and the Trust Fund from and against any and all liabilities, claim, cost or expenses incurred by such parties as a result of its acquisition or holding of such Certificate.

GMAC RFC

Statement To Certificateholder

Residential Accredit Loans Inc., 2006-QO3
June 26, 2006

Cash Flow Received and Uses of Funds

Cash Flow Received	*Amount*
Principal and Interest Payments	5,485,579.04
Prepayment Premium	95,103.43
Liquidation and Insurance Proceeds	0.00
Subsequent Recoveries	0.00
Repurchase Proceeds	0.00
Other Deposits/Adjustments (including Derivative Payment)	2,155.70
Total Deposits	5,582,838.17

Uses of Funds	*Amount*
Transfer to Certificate Account	5,556,737.69
Reimbursed Advances and Expenses	0.00
Master Servicing Compensation	26,100.39
Derivative Payment	N/A
Total Withdrawals	5,582,838.08
Ending Balance	0.00

Exhibit 9

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Declaration of Bryan M. Kotliar (without exhibits)

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Gary S. Lee
Joel C. Haims
Counsel to the Debtors and Debtors in Possession
With Respect to Allstate Insurance Company and affiliated entities,
and National Credit Union Administration Board

CURTIS, MALLET-PREVOST, COLT & MOSLE LLP
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New York, New York 10178-0061
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Steven J. Reisman
Theresa A. Foudy
Maryann Gallagher
Conflicts Counsel to Debtors and Debtors in Possession

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

DECLARATION OF BRYAN M. KOTLIAR IN SUPPORT OF THE DEBTORS' OPPOSITION TO MOTION OF AIG ASSET MANAGEMENT (U.S.), LLC, THE ALLSTATE ENTITIES, MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, AND THE PRUDENTIAL ENTITIES FOR AN ORDER UNDER BANKRUPTCY RULE 3013 CONCERNING SUBORDINATION OF INVESTORS' SECURITIES CLAIMS

1212020130219000000000018

Bryan M. Kotliar, pursuant to 28 U.S.C. § 1746, hereby declares under penalty of perjury that the following is true and correct:

1. I am an associate (admission pending) with the law firm Curtis, Mallet-Prevost, Colt & Mosle LLP, conflicts counsel for the debtors and debtors in possession (collectively, the "Debtors") in the above-captioned jointly administered chapter 11 cases (these "Chapter 11 Cases").

2. I submit this declaration in support of the Debtors' memorandum in opposition (the "Opposition") to the motion brought by AIG,[1] Allstate, Mass Mutual, and Prudential, and joined by the National Credit Union Administration Board (the "NCUAB" and, collectively with the moving parties, the "Investors"), for an order under Bankruptcy Rule 3013 concerning subordination of their securities claims [Docket No. 2284] (the "Motion").[2]

3. I submit this declaration upon personal knowledge and the review of the proofs of claims and supporting documentation filed by the Investors in connection with these Chapter 11 Cases, as well as the lists of Trusts that have agreed to the Trust Settlement.

4. Pursuant to the Investors' proofs of claim filed in these Chapter 11 Cases, the Investors have asserted claims relating to their purchases of securities for securities ranging in seniority from Class A to Class M9, from 104 different securitizations of the Debtors, including 88 securitizations that have agreed to the Trust Settlement. Not every proof of claim filed by the Investors identifies the specific tranche from which its claim arises.

[1] Capitalized but undefined terms used herein shall have the meanings ascribed to them in the Opposition.

[2] The NCUAB filed its joinder to the Motion on January 4, 2013 [Docket No. 2555].

5. Attached hereto as **Exhibit 6** is a true and correct copy of the First Amended Complaint from *Allstate Ins. Co. v. GMAC Mortg., LLC*, No. 27-cv-11-3480 (Minn. Dist. Ct. Apr. 15, 2011).

6. Attached hereto as **Exhibit 7** is a true and correct copy of the Amended Complaint from *Mass Mutual Life Ins. Co. v. Residential Funding Co.*, No. 3:11-cv-30035-MAP (D. Mass. May 17, 2012) [Docket No. 86].

7. Attached hereto as **Exhibit 8** is a true and correct copy of the hearing transcript from *In re Washington Mutual, Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. May 7, 2012) [Docket No. 10154].

8. Attached hereto as **Exhibit 9** is a true and correct copy of the Order Approving Stipulation and Agreement from *In re Washington Mutual, Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. Feb. 16, 2012) [Docket No. 9698].

9. Attached hereto as **Exhibit 10** is a true and correct copy of the Order Denying Classification from *In re Washington Mutual, Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. May 16, 2012) [Docket No. 10182].

10. Attached hereto as **Exhibit 11** is a true and correct copy of the Order Granting Motion for Summary Judgment from *In re Commercial Financial Services Inc.*, Case No. 98-05162-R, Adv. Case No. 98-0356-R (Bankr. N.D. Okla. July 11, 2003) [Docket No. 174].

11. Attached hereto as **Exhibit 12** is a true and correct copy of the John J. Slain and Homer Kripke law review article titled *The Interface Between Securities Regulation and Bankruptcy – Allocating the Risk of Illegal Securities Issuance Between Securityholders and the Issuer's Creditors*. 48 N.Y.U. L. Rev. 261 (1973).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 19, 2013.

/s/ Bryan M. Kotliar
Bryan M. Kotliar

Exhibit 10

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Declaration of Tammy Hamzehpour (without exhibits)

Hearing Date and Time: March 5, 2013 at 10:00 a.m. (prevailing Eastern Time)

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Gary S. Lee
Joel C. Haims
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With Respect to Allstate Insurance Company and affiliated entities,
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Conflicts Counsel to Debtors and Debtors in Possession

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

DECLARATION OF TAMMY HAMZEHPOUR IN SUPPORT OF THE DEBTORS' OPPOSITION TO MOTION OF AIG ASSET MANAGEMENT (U.S.), LLC, THE ALLSTATE ENTITIES, MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND THE PRUDENTIAL ENTITIES FOR AN ORDER UNDER BANKRUPTCY RULE 3013 CONCERNING SUBORDINATION OF INVESTORS' SECURITIES CLAIMS

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Tammy Hamzehpour, pursuant to 28 U.S.C. § 1746, hereby declares under penalty of perjury that the following is true and correct:

1. I am the General Counsel for Residential Capital, LLC, a debtor and debtor in possession in the above-captioned chapter 11 cases (these "Chapter 11 Cases"), a limited liability company organized under the laws of the state of Delaware and the parent of the other debtors and debtors in possession in these Chapter 11 Cases (collectively, the "Debtors" or "ResCap").

2. I have held my current title since October 2007. Since joining ResCap in 1998, I have held various legal positions covering both Mergers & Acquisitions and ResCap's International Business Group. In my capacity as General Counsel, I am responsible for providing legal advice and counsel to the directors and management of the Debtors and the non-debtor subsidiaries of ResCap relating to their respective business operations, and for the overall delivery of legal services to them. I am authorized to make this declaration (the "Declaration") on behalf of the Debtors and in support of the Debtors' memorandum in opposition (the "Opposition") to the motion brought by AIG,[1] Allstate, Mass Mutual, and Prudential, and joined by the National Credit Union Administration Board (the "NCUAB" and, collectively with the moving parties, the "Investors"), for an order under Bankruptcy Rule 3013 concerning subordination of their securities claims [Docket No. 2284] (the "Motion").[2]

3. In my capacity as General Counsel, I am familiar with the Debtors' day-to-day legal affairs. Except as otherwise indicated, all statements in this Declaration are based upon my personal knowledge; information supplied or verified by personnel in departments

[1] Capitalized but undefined terms used herein shall have the meanings ascribed to them in the Opposition.

[2] The NCUAB filed its joinder to the Motion on January 4, 2013 [Docket No. 2555].

within the legal staff and various business units of the Debtors or the Debtors' advisors; my review of the Debtors' relevant documents; or my general experience, expertise, and knowledge of the Debtors' legal affairs. In making my statements based on my review of the Debtors' relevant documents and other information prepared or collected by the Debtors' employees, I have relied upon these employees accurately recording, preparing, collecting, or verifying any such documentation and other information. If I were called to testify as a witness in this matter, I would testify competently to the facts set forth herein.

4. ResCap met directly with investors and participated in events with the investing community generally through organizations such as the American Securitization Forum. Contemporaneous records reflect that Allstate, AIG, Mass Mutual, and Prudential attended servicing and operations reviews with the Debtors and that ResCap met with Allstate several times in connection with Allstate's participation in ResCap's RMBS programs.

5. The Debtors' presentations to potential investors highlighted not only their RMBS issuance history, but also the Debtors' corporate structure, including their "vertically integrated business model" and ResCap's "investment grade credit ratings."

6. Attached hereto as **Exhibit 1** is a true and correct copy of a securitization flow chart depicting the general structure of the Debtors' pooling and servicing PLS Trust securitization process.

7. Attached hereto as **Exhibit 2** is a true and correct copy of a brochure titled "Overview of ABS/MBS Products: 2007 U.S. Markets," published on ResCap's investor-services website through GMAC-RFC VisionSM, an online access and analysis tool that ResCap provided to investors and potential investors in ResCap's RMBS programs.

8. Attached hereto as **Exhibit 3** is a true and correct copy of a RFG Capital Markets Visits and Conferences Calendar reflecting meetings with, among others, Allstate, AIG, and Prudential.

9. Attached hereto as **Exhibit 4** is a true and correct copy of a calendar entry and agenda for a January 19, 2006 meeting with Allstate.

10. Attached hereto as **Exhibit 5** is a true and correct copy of an investor presentation entitled GMAC-RFC Overview, dated May 2007.

Dated: New York, New York
February 19, 2013

/s/ Tammy Hamzehpour
Tammy Hamzehpour
General Counsel
Residential Capital, LLC

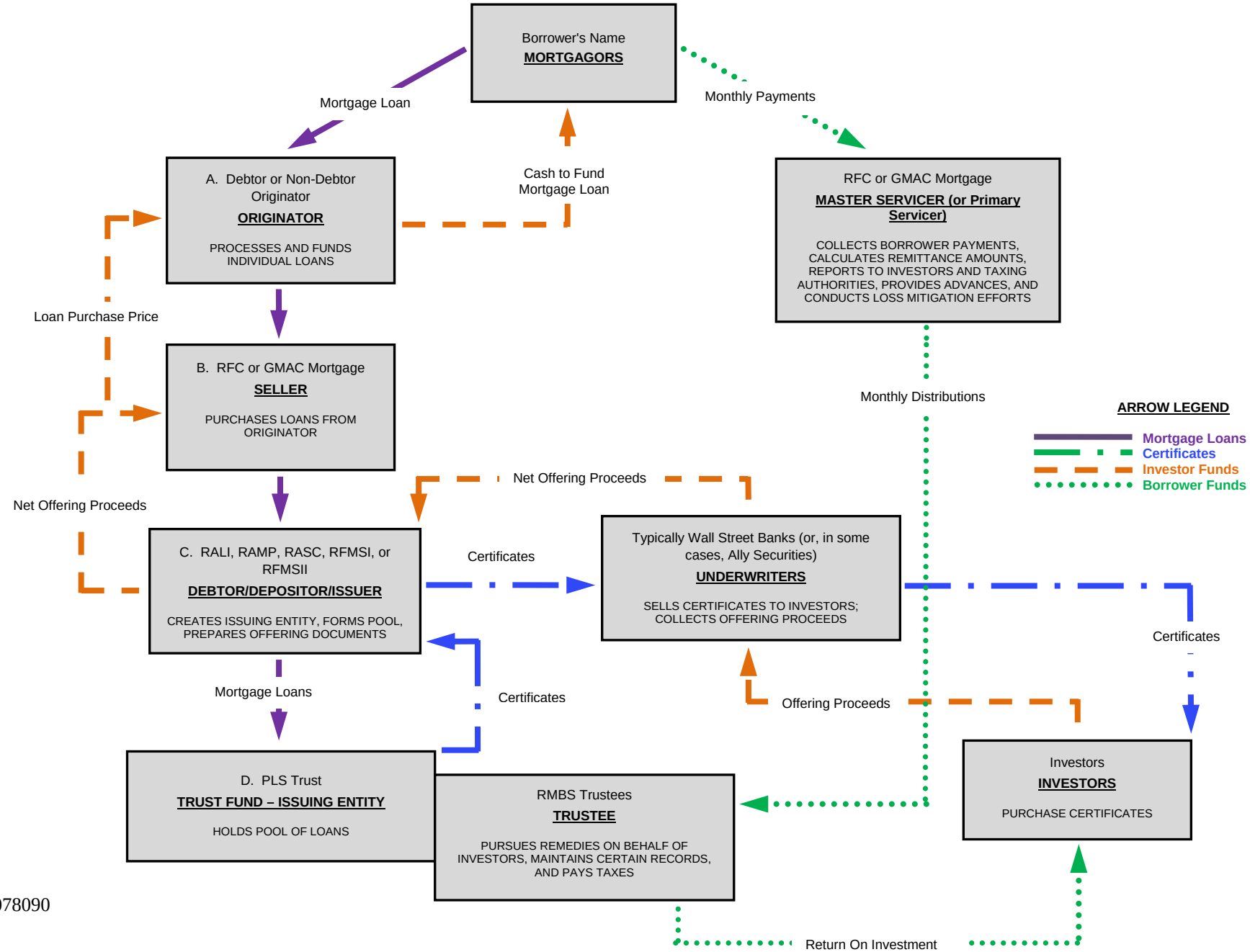
Exhibit 11

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Securitization Flow Chart

SECURITIZATION FLOW CHART

General Structure of Debtor Pooling and Servicing PLS Trust Securitization Structure



ny-1078090

Exhibit 12

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Overview of ABS/MBS Products: 2007 U.S. Markets

Overview of ABS/MBS Products

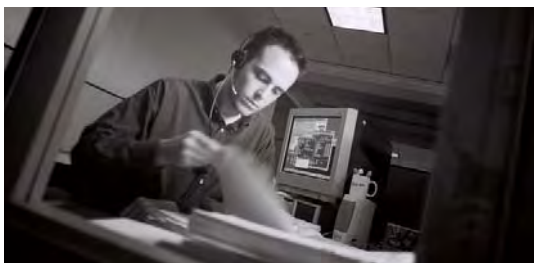
2007 U.S. Markets

GMAC ResCap

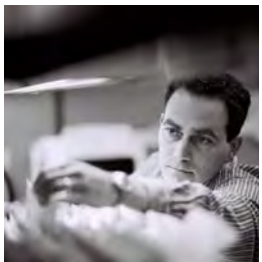
GMAC RFC

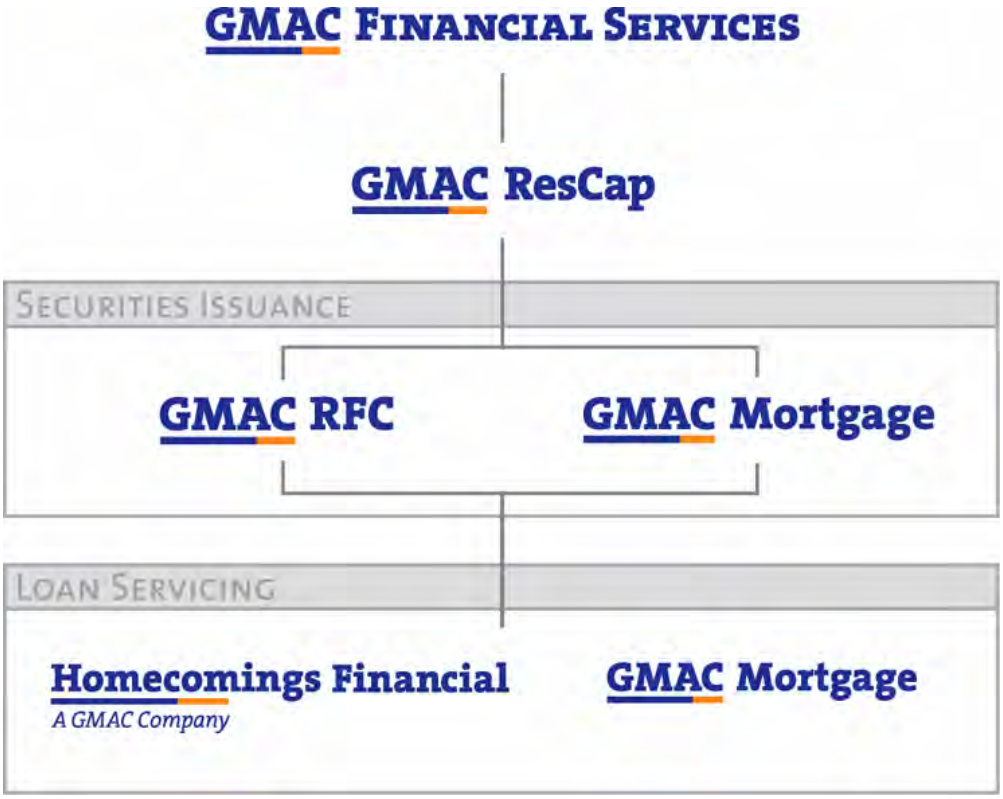
GMAC Mortgage





GMAC-RFC and GMAC Mortgage are owned and operated by GMAC Residential Capital Company, LLC (GMAC ResCap). GMAC ResCap is part of the GMAC Financial Services family of companies. Homecomings Financial, LLC provides home financing and loan servicing in the U.S.

GMAC ResCap Fast Facts:

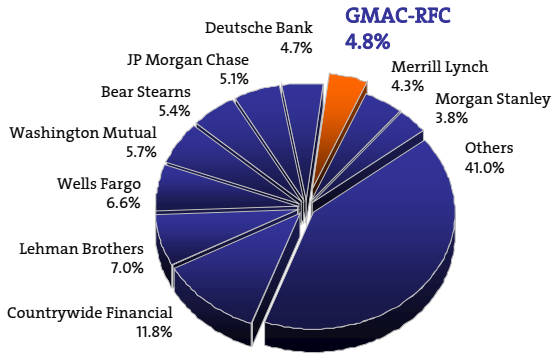
Q4 2007 Securities Issuance

- $495 billion in U.S. cumulative ABS/MBS issuance
- Non-agency MBS with $35.3 billion in issuance
- ABS HEL with $13.0 billion in issuance
- Subprime with $7.2 billion in issuance
- Non-agency prime MBS with $22.2 billion in issuance
- $8.1 billion in whole loan issuance

Q3 2007 Loan Servicing

- Primary servicing portfolio of $122.7 billion
- Subprime servicing portfolio of $40.3 billion
- Master servicing portfolio of $159.5 billion representing 875,956 consumers

Non-Agency MBS Market Share - as of December 31, 2007



Rank	Issuer	Volume (in billions)
1	Countrywide Financial	$83.78
2	Lehman Brothers	$49.52
3	Wells Fargo	$46.52
4	Washington Mutual	$40.51
5	Bear Stearns	$38.05
6	JPMorgan Chase	$35.99
7	Deutsche Bank	$33.41
8	**Residential Funding Co.**	**$32.43**
9	Merril Lynch	$30.28
10	Morgan Stanley	$26.80

Information regarding competitor market share from: Inside MBS & ABS, January 11, 2008.

Although reasonable care has been exercised to provide accurate information, there is no assurance that this information is free from error. All information provided herein is unaudited. This material has been prepared solely for informational purposes. It is in no way intended to be a solicitation or an offer to buy or sell any security or instrument. Past results of securities do not forecast future results.



Shelf Strategy

GMAC ResCap provides investors with more options by bringing a variety of asset types to the market. The varying credit, convexity and prepayment performance characteristics of those asset types makes investing a complex task. To mitigate this complexity, GMAC ResCap segregates our securities into distinct shelves. We use clear, well-defined criteria to select the first lien, seasoned and second lien collateral that back securities from each shelf. This system provides a deeper understanding of the underlying product and risk profile of GMAC ResCap securities—and helps investors make better-informed decisions.

Fourth Quarter 2007 Product Overview

	Product Type	Product Description	WA FICO	Average Loan Size	WA LTV/CLTV	YTD Issuance In Millions	Cumulative Issuance In Billions
First Lien	RFMSI (S & SA)	Jumbo A	30-Yr: 735 15-Yr: 745 ARM: 738	30-Yr: $504,870 15-Yr: $533,660 ARM: $534,089	30-Yr: 71.4% 15-Yr: 64.5% ARM: 71.3%	30-Yr: $4,051 15-Yr: $146 ARM: $1,475 WH: $364	30-Yr: $106.9 15-Yr: $26.9 ARM: $12.8 WH: $42.4
	RALI (QS, QA, QO & QH)	Alt-A	30-Yr: 707 15-Yr: 719 ARM: 710 POA: 703 HyPOA: 712	30-Yr: $254,110 15-Yr: $212,095 ARM: $367,173 POA: $362,645 HyPOA:$384,408	30-Yr: 74.5% 15-Yr: 63.6% ARM: 76.7% POA: 75.1% HyPOA: 74.0%	30-Yr: $7,600 15-Yr: $97 ARM: $2,423 POA: $2,211 HyPOA: $4,233 WH: $3,183	30-Yr: $62.4 15-Yr: $6.5 ARM: $16.9 POA: $16.0 HyPOA: $4.6 WH: $12.5
	RAMP (RZ)	High Loan to Value First Lien (107% max)	FRM: 693 ARM: 662	FRM: $150,206 ARM: $194,068	FRM: 98.5% ARM: 100.0%	FRM: $100 ARM: $240	FRM: $8.3 ARM: $4.4
	RAMP (RS)	NCA (Negotiated Conduit Asset)	FRM: 683 ARM: 676	FRM: $224,542 ARM: $247,462	FRM: 81.7% ARM: 89.0%	FRM: $542 ARM: $341 WH: $0	FRM: $19.7 ARM: $33.2 WH: $1.5
	RASC (KS)	Subprime	FRM: 618 ARM: 618	FRM: $123,350 ARM: $183,716	FRM: 82.0% ARM: 82.7%	FRM: $959 ARM: $2,798 WH: $9	FRM: $26.1 ARM: $65.2 WH: $2.7
Seasoned	RAAC (SP)	Seasoned Portfolio	677	$188,539	80.2%	$977	$4.5
Second Lien	RFMSII (HS & HSA)	Closed-End Home Equity Loans (CES) and Lines (HELOC)	CES: 702 HELOC: 702	CES: $53,504 HELOC: $57,668	CES: 93.7% HELOC: 87.6%	CES: $1,891 HELOC: $784 WH: $1,363	CES: $8.2 HELOC: $6.5 WH: $12.6
	RFMSII (HI)	High CLTV Second Lien (125% max)	702	$49,803	117.3%	$258	$12.4
	GMACM (HE)	Closed-End Home Equity Loans (CES) and Lines (HELOC)	CES: 717 HELOC: 727*	CES: $54,217 HELOC: $48,583*	CES: 80.2% HELOC: 77.3%*	CES: $2,867 HELOC: $1,933*	CES: $12.1 HELOC: $13.7

Information through December 2007. Issuance excludes NIMS, resecuritizations and other issuer transactions. Single seller deals for EFC and NC are included in RAMP RS series issuance and AHL and EMX deals are included in RASC KS series issuance. QO series designates GMAC-RFC's payment option ARM (POA) program, QH series designates GMAC-RFC's hybrid payment option ARM (HyPOA) program and WH designates GMAC-RFC whole loans. *GMAC Mortgage HELOC through December 2006.

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Investor Services Web Site

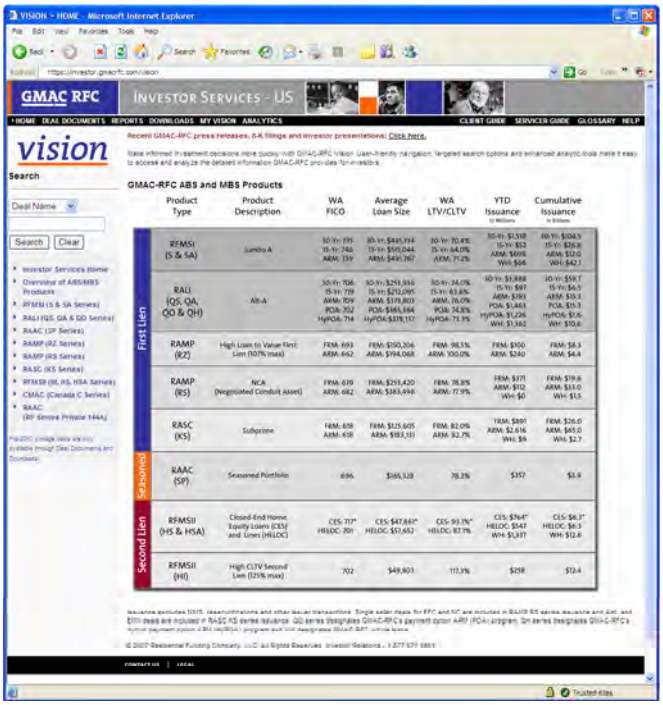
gmacrfc.com/investors

Timely, essential information

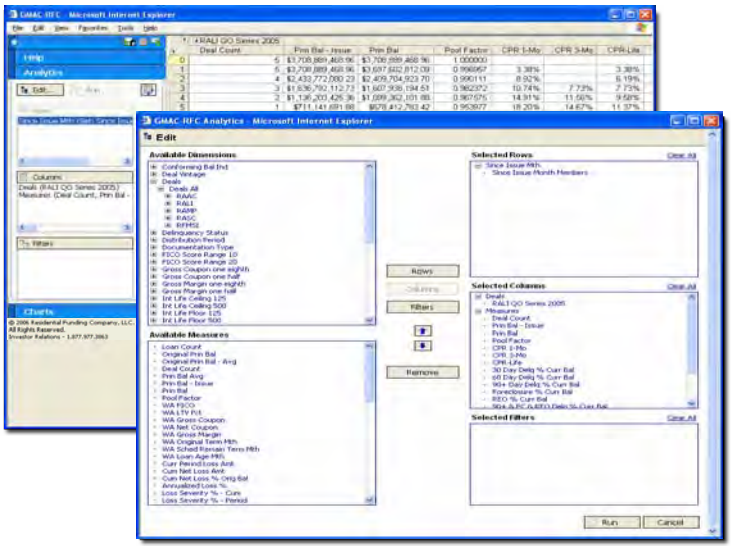
Institutional investors rely on the GMAC-RFC Investor Services Web site to help them manage their portfolios and make fast, informed investment decisions. We consistently deliver new opportunities to investors - supported by in-depth information about GMAC ResCap and our broad portfolio of fixed-income products.

Exceptional data access and analysis

GMAC-RFC Vision[SM], our online access and analysis tool, allows Web site visitors to browse more productively, search for and extract data more easily, analyze and compare performance in greater detail and save their investment information more conveniently.



GMAC-RFC Vision - browse more productively, with user-friendly navigation and easy-to-find links to reports, deal documents and other useful information.



Analytics - make better-informed decisions with easier access to data and enhanced analytics capabilities. Develop your own custom reports with our easy-to-use analytics tool.

Analytics enhance site functionality

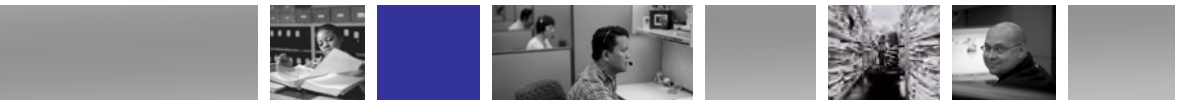
GMAC-RFC Vision's analytics capabilities save time and effort:

- Instead of downloading and manipulating a text file, users can create queries that extract the precise information needed
- The extracted data can be loaded into an Excel file or securely stored in My Vision
- Queries saved in My Vision will automatically refresh, allowing users to review up-to-date performance comparisons without needing to recreate the query

To find out how GMAC-RFC can help you achieve better performance by making better-informed investment decisions, call us at 1.877.977.3863.

vision

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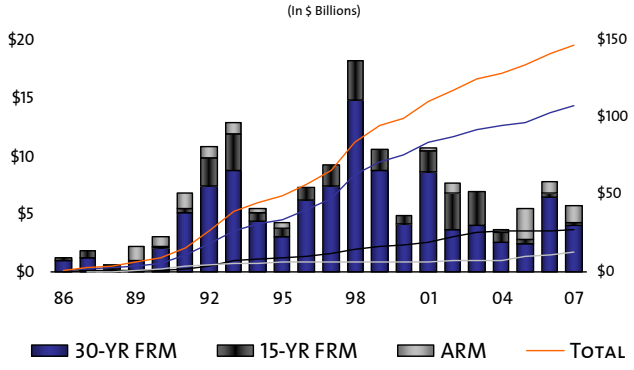


GMAC ResCap

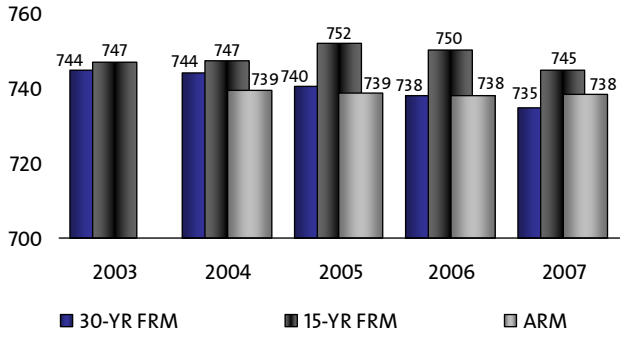
Residential Funding Mortgage Securities I, Inc. (S & SA Series)

RFMSI is GMAC-RFC's primary shelf conduit for distributing "A" quality, non-conforming fixed-rate (S series) and adjustable-rate (SA series) mortgage loans.

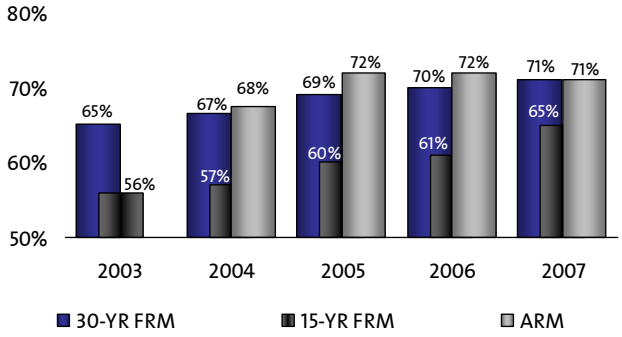
Year-to-Date and Cumulative Issuance



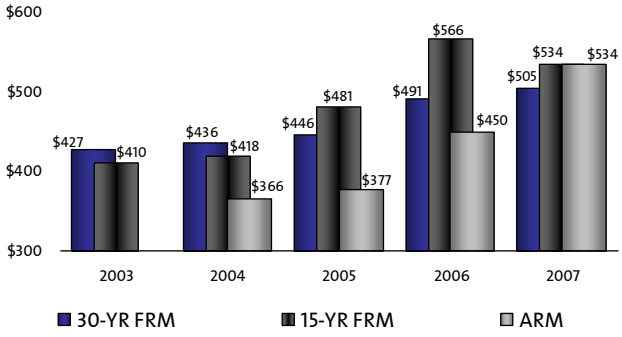
Weighted Average FICO Score by Issuance Year



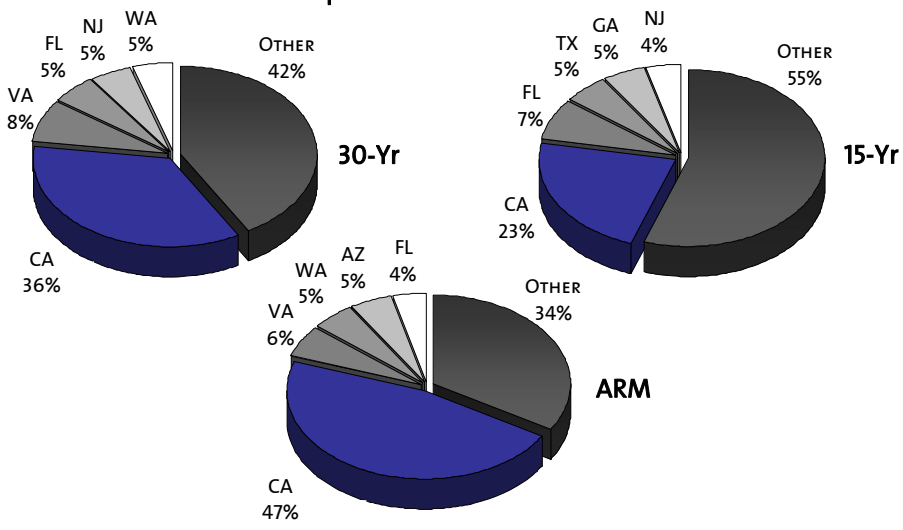
Weighted Average Loan-to-Value by Issuance Year



Average Loan Size by Issuance Year



Top Five States in 2007



California Percent

	30-Yr	15-Yr	ARM
2003	51.6%	44.2%	
2004	48.9%	44.1%	49.8%
2005	32.5%	27.7%	34.4%
2006	34.9%	19.9%	40.3%
2007	35.6%	22.8%	46.6%

WA Coupon

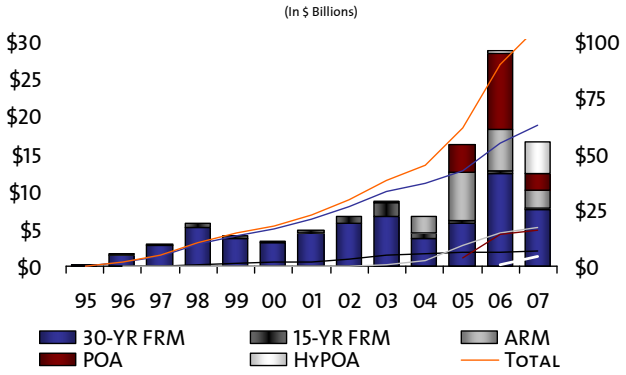
	30-Yr	15-Yr	ARM
2003	6.164%	5.414%	
2004	5.849%	5.143%	4.656%
2005	5.936%	5.268%	5.427%
2006	6.570%	6.139%	6.235%
2007	6.437%	6.122%	6.170%

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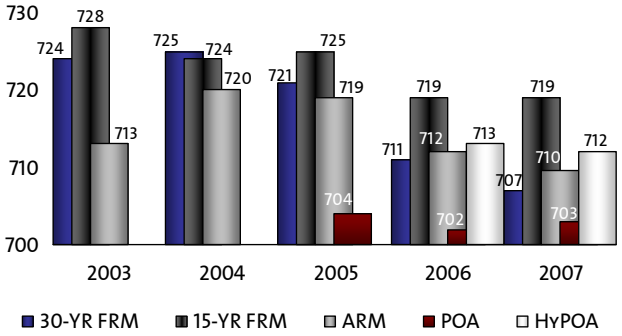
Residential Accredit Loans, Inc. (QS, QA, QO & QH Series)

Alt-A bridges the prime and subprime markets by supporting paper that - from a credit perspective - parallels traditional Jumbo A paper. However, the collateral characteristics for the QS and QA series differ from GMAC-RFC's RFMSI shelf with slightly higher LTV limits, non-owner occupied properties and more limited documentation options. The Alt-A program encompasses both 30- and 15-year fixed-rate products (QS Series) a 6-month LIBOR, 1-year CMT and hybrid ARMs (QA Series), as well as a payment option ARM (POA) program (QO Series) and a hybrid payment option ARM (HyPOA) program (QH Series).

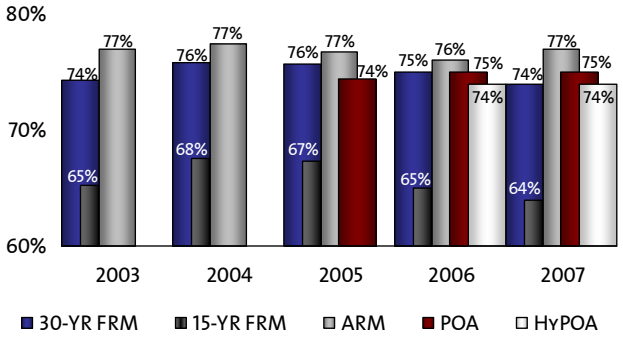
Year-to-Date and Cumulative Issuance



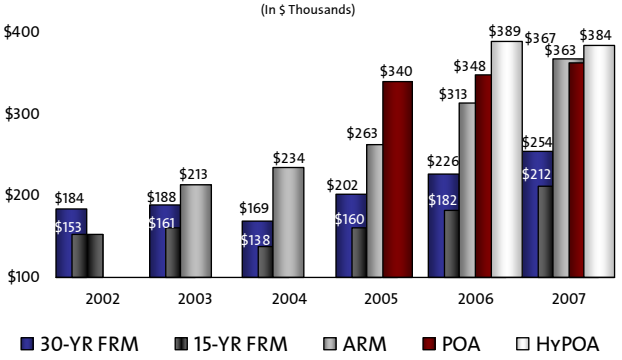
Weighted Average FICO Score by Issuance Year



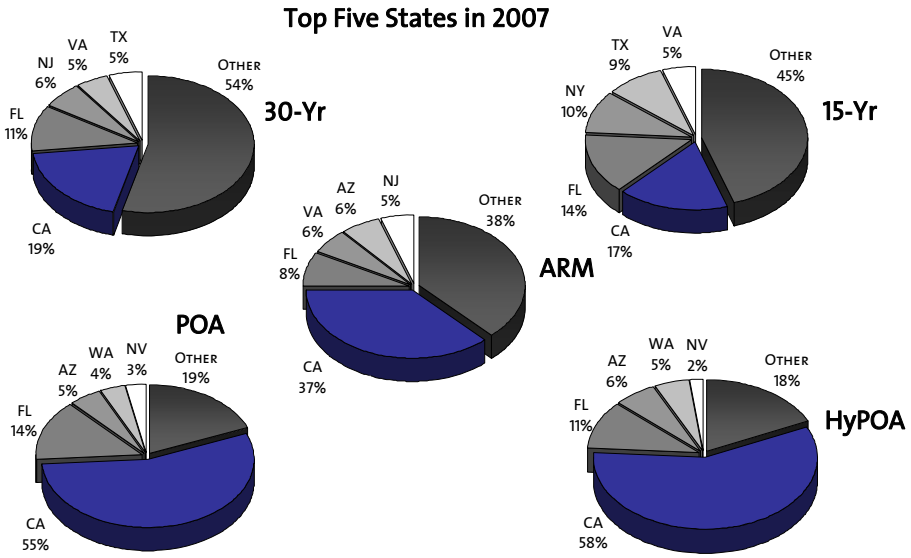
Weighted Average Loan-to-Value by Issuance Year



Average Loan Size by Issuance Year



Top Five States in 2007



California Percent

	30-Yr	15-Yr	ARM	POA	HyPOA
2003	34.9%	30.5%	32.9%		
2004	26.2%	22.4%	34.4%		
2005	22.5%	17.4%	34.4%	62.0%	
2006	18.8%	19.0%	36.5%	61.7%	69.8%
2007	18.7%	17.1%	37.2%	54.9%	58.0%

WA Coupon

	30-Yr	15-Yr	ARM	POA	HyPOA
2003	6.320%	5.615%	5.457%		
2004	6.361%	5.651%	5.432%		
2005	6.417%	5.771%	5.811%	3.603%	
2006	7.155%	6.405%	6.849%	4.812%	7.390%
2007	6.974%	6.474%	6.916%	6.715%	7.375%

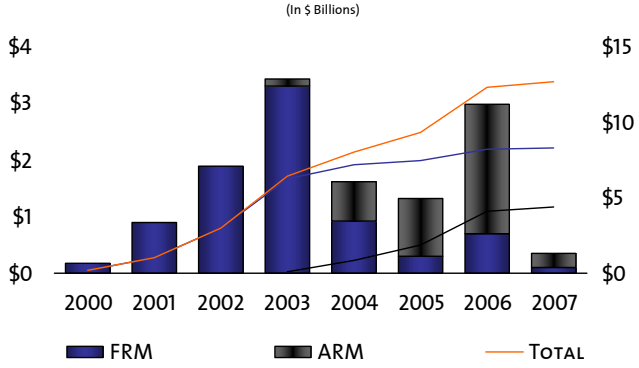
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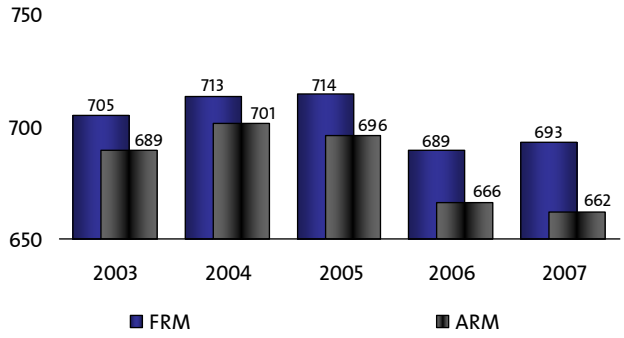
Residential Asset Mortgage Products (RZ Series)

RAMP RZ is the shelf and series designation for securities backed by GMAC-RFC high LTV first lien loans.

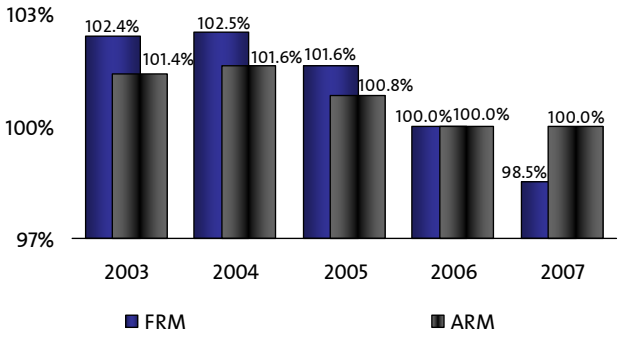
Year-to-Date and Cumulative Issuance



Weighted Average FICO Score by Issuance Year

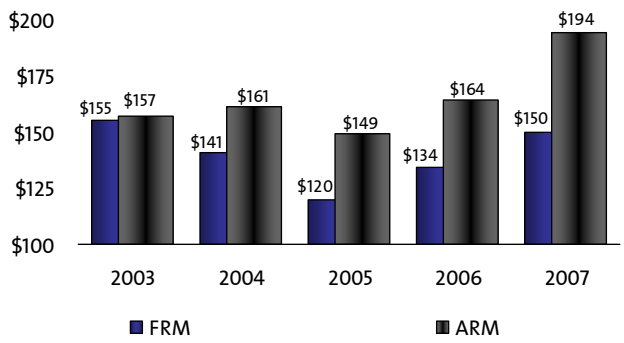


Weighted Average Loan-to-Value by Issuance Year

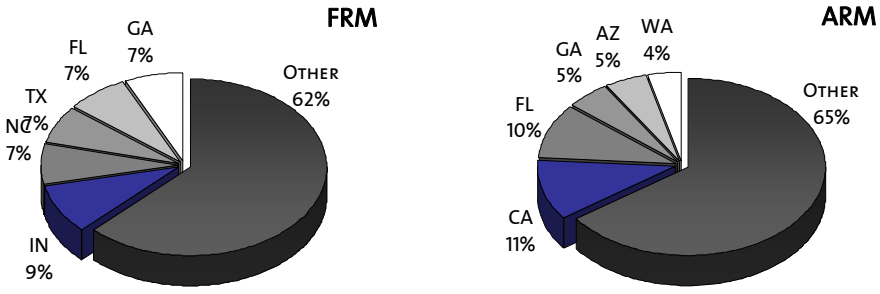


Average Loan Size by Issuance Year

(In $ Thousands)



Top Five States in 2007



California Percent

	FRM	ARM
2003	19.6%	8.3%
2004	9.4%	12.2%
2005	1.7%	3.7%
2006	0.7%	4.0%
2007	2.7%	10.9%

WA Coupon

	FRM	ARM
2003	7.654%	7.263%
2004	7.779%	7.137%
2005	7.935%	7.493%
2006	8.349%	8.579%
2007	8.437%	8.787%

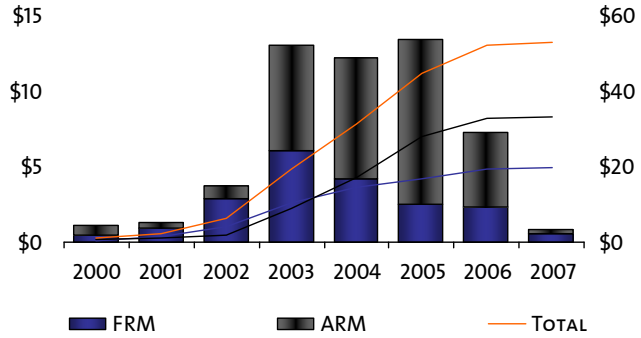
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Residential Asset Mortgage Products (RS Series)

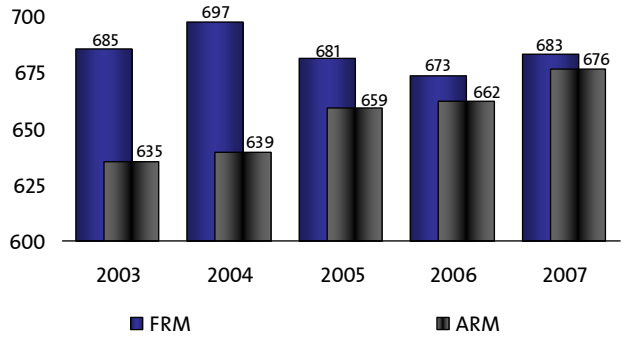
RAMP RS is the shelf and series designation for securities backed by GMAC-RFC Negotiated Conduit Asset (NCA) loans. The purpose of the NCA program is to acquire and distribute assets, that meet secondary market standards, but do not meet criteria under GMAC-RFC's other shelves.

Year-to-Date and Cumulative Issuance*

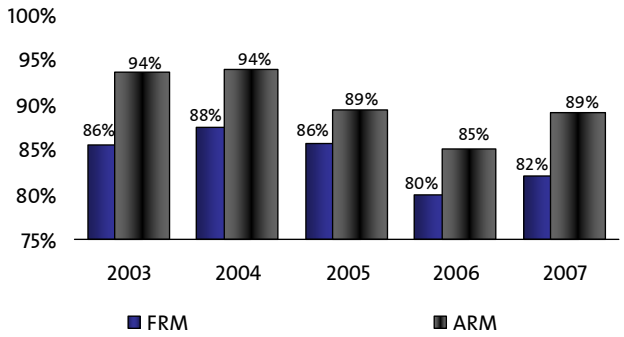
(In $ Billions)



Weighted Average FICO Score by Issuance Year

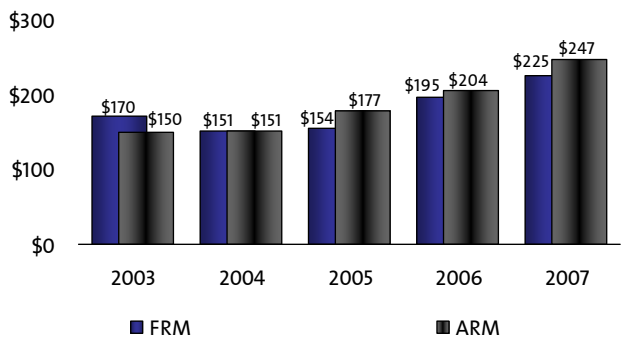


Weighted Average Loan-to-Value by Issuance Year

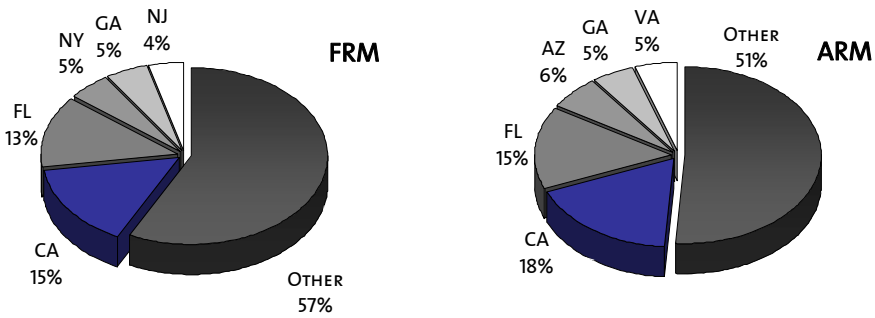


Average Loan Size by Issuance Year

(In $ Thousands)



Top Five States in 2007



California Percent	FRM	ARM
2003	15.4%	14.1%
2004	13.0%	9.8%
2005	10.8%	14.1%
2006	12.0%	18.5%
2007	15.3%	17.8%

WA Coupon	FRM	ARM
2003	7.141%	7.948%
2004	7.053%	7.510%
2005	7.117%	7.208%
2006	7.539%	7.838%
2007	7.655%	8.001%

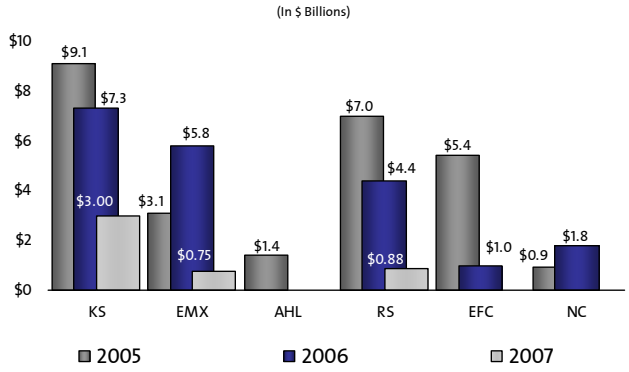
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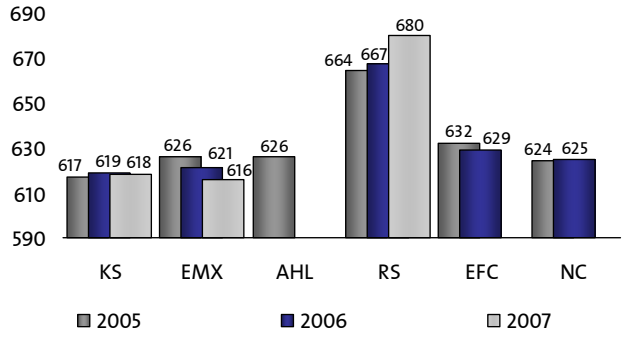
RAMP and RASC Single Seller Transactions

In 2005, GMAC-RFC started issuing Single Seller transactions from the RASC and RAMP shelves in a co-branding effort with some of GMAC-RFC's larger seller clients. All loans were acquired under the GMAC-RFC AlterNet and Negotiated Conduit Asset (NCA) program guidelines. GMAC-RFC remains the Depositor, Issuer and Master Servicer on these transactions and has the same responsibility to the trusts with regard to representations and warranties as in other GMAC-RFC transactions.

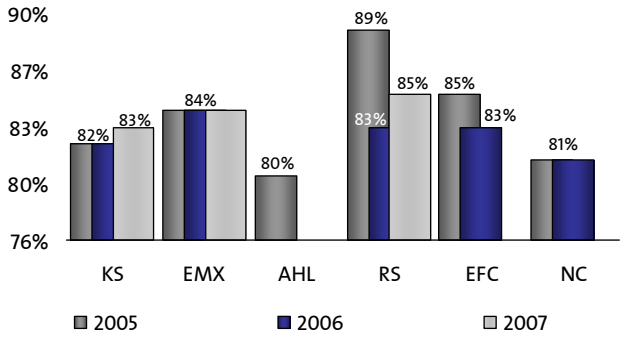
Year-to-Date Issuance by Series



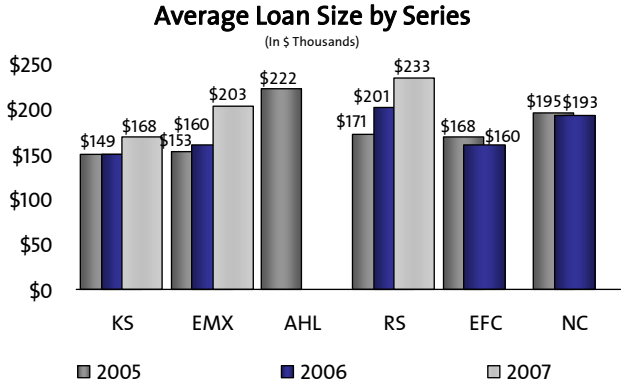
Weighted Average FICO Score by Series



Weighted Average Loan-to-Value by Series



Average Loan Size by Series



Series Description

RASC EMX – Collateral acquired from EMAX Financial Group, LLC with primary servicing being done by Mortgage Lenders Network USA, Inc.

RASC AHL – Collateral acquired from Accredited Home Lenders, Inc. with primary servicing being done by Homecoming Financial, LLC.

RAMP EFC – Collateral acquired from EquiFirst Corporation with primary servicing being done by Homecoming Financial, LLC.

RAMP NC – Collateral acquired from New Century Mortgage Corporation with primary servicing being done by Homecoming Financial, LLC.

RASC	KS	EMX	AHL*
WA Gross Coupon	8.544%	8.653%	7.491%
Non-Owner Occupied Percent	4.4%	4.7%	8.8%
Reduced Doc. Percent	42.8%	33.1%	61.9%
California Percent	15.0%	7.7%	24.7%
Second Lien Percent	4.1%	7.6%	
Interest Only Percent	12.8%	6.9%	17.1%

RAMP	RS	EFC*	NC*
WA Gross Coupon	7.788%	7.938%	7.961%
Non-Owner Occupied Percent	20.1%	3.6%	7.4%
Reduced Doc. Percent	68.1%	31.0%	42.5%
California Percent	16.3%	13.7%	35.1%
Second Lien Percent		4.0%	2.6%
Interest Only Percent	49.1%	18.9%	19.5%

*** RASC AHL and RAMP EFC as of November 30, 2006. RAMP NC as of March 31, 2006. All other data reflected through year-to-date December 31, 2007.**

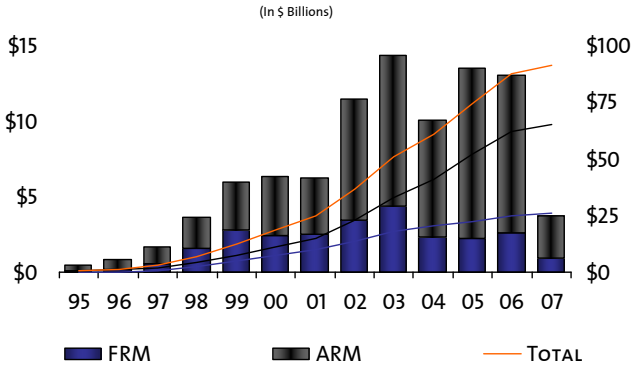
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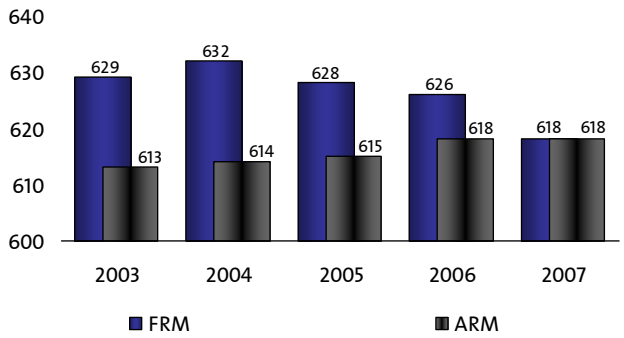
Residential Asset Securities Corporation (KS Series)

GMAC-RFC developed the AlterNet program to purchase subprime mortgage loans. The collateral pools securitized by RASC will generally be homogeneous with respect to fixed or adjustable payment type.

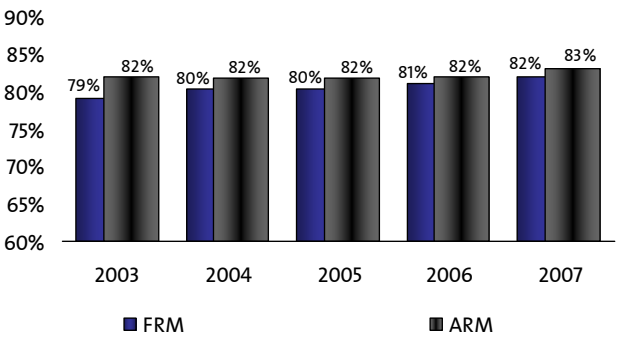
Year-to-Date and Cumulative Issuance*



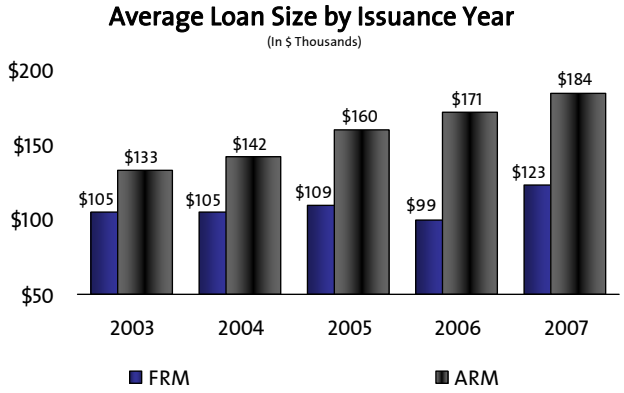
Weighted Average FICO Score by Issuance Year



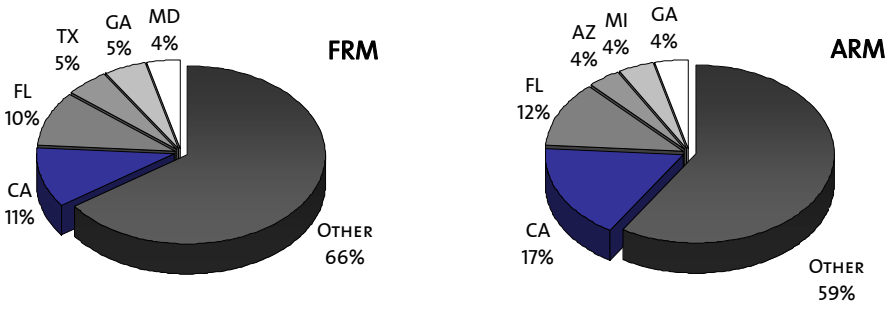
Weighted Average Loan-to-Value by Issuance Year



Average Loan Size by Issuance Year



Top Five States in 2007



California Percent

	FRM	ARM
2003	18.0%	17.9%
2004	12.3%	14.2%
2005	11.5%	14.1%
2006	9.8%	12.9%
2007	10.5%	16.6%

WA Coupon

	FRM	ARM
2003	7.771%	7.570%
2004	7.555%	7.035%
2005	7.828%	7.397%
2006	8.765%	8.232%
2007	8.789%	8.458%

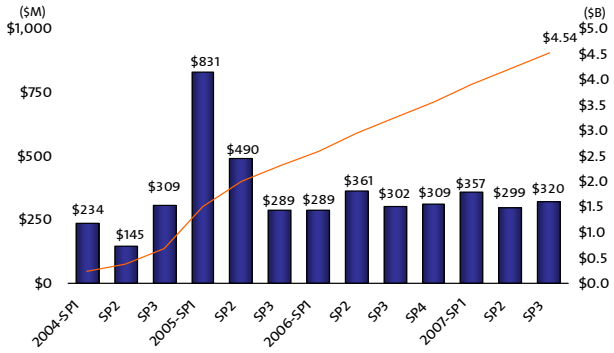
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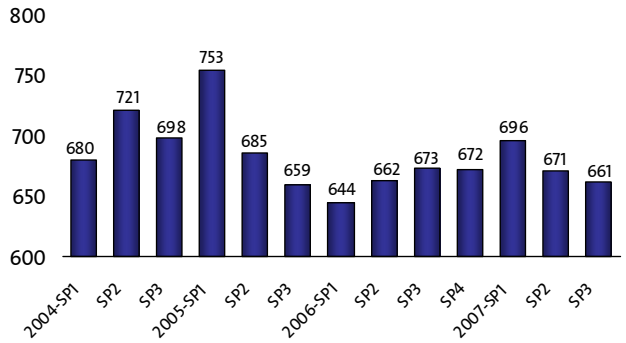
Residential Asset Acquisition Corporation (SP Series)

RAAC SP collateral is primarily seasoned performing prime, Alt A, Insured (primary mortgage insurance or FHA), A- and Subprime loans.

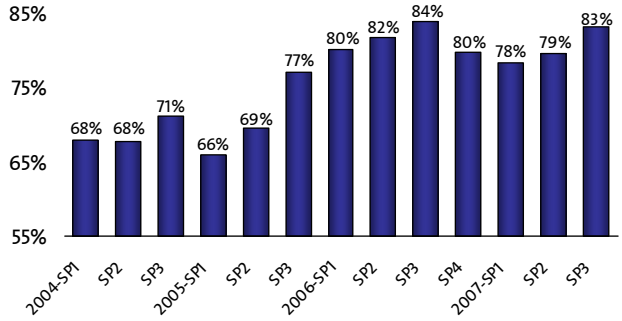
Year-to-Date and Cumulative Issuance



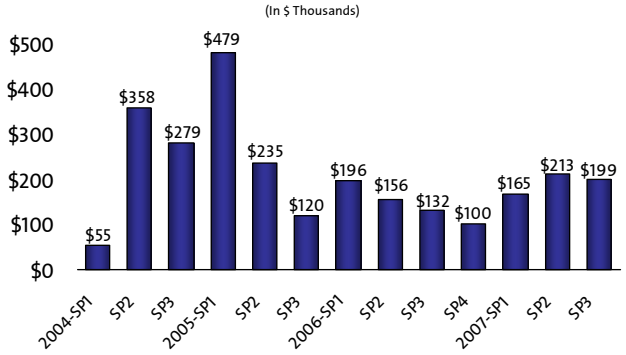
Weighted Average Current FICO Score by Deal



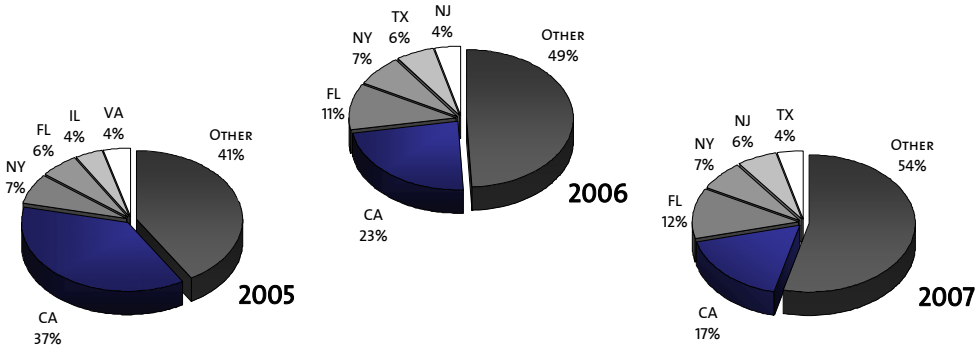
Weighted Average Current Loan-to-Value by Deal



Average Loan Size by Deal



Top Five States by Issuance Year



WA Seasoning	Months
2004-SP1	65
2004-SP2	39
2004-SP3	11
2005-SP1	18
2005-SP2	26
2005-SP3	32
2006-SP1	5
2006-SP2	15
2006-SP3	23
2006-SP4	58
2007-SP1	24
2007-SP2	8
2007-SP3	16

Credit Class	Prime	Alt-A	Insured	A-	Subprime
2004-SP1	45.5%	23.4%	1.7%	15.5%	13.9%
2004-SP2	93.8%	4.0%	0.0%	0.0%	2.2%
2004-SP3	67.8%	13.2%	5.7%	4.8%	8.5%
2005-SP1	95.5%	4.5%	0.0%	0.0%	0.0%
2005-SP2	46.2%	11.3%	2.9%	9.9%	29.6%
2005-SP3	45.5%	22.0%	1.3%	17.5%	13.8%
2006-SP1	37.0%	27.0%	0.1%	25.3%	10.5%
2006-SP2	44.3%	27.9%	1.1%	26.5%	0.1%
2006-SP3	55.9%	27.0%	0.6%	16.5%	0.0%
2006-SP4	51.4%	26.4%	0.6%	19.4%	2.2%
2007-SP1	68.1%	23.3%	0.8%	7.8%	0.0%
2007-SP2	52.1%	27.8%	0.1%	20.0%	0.0%
2007-SP3	43.7%	35.9%	2.1%	18.3%	0.0%

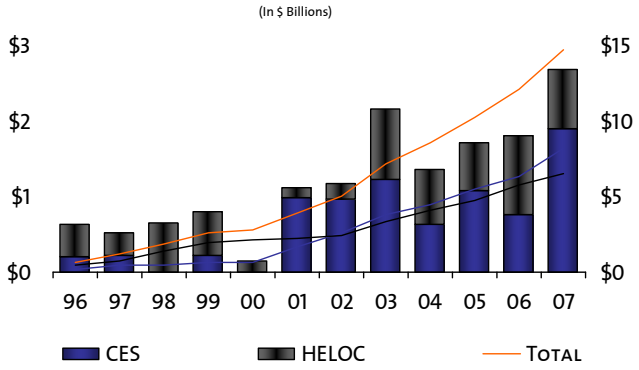
WA Coupon	Percent
2004-SP1	7.473%
2004-SP2	6.811%
2004-SP3	5.415%
2005-SP1	5.786%
2005-SP2	6.521%
2005-SP3	7.698%
2006-SP1	7.260%
2006-SP2	7.640%
2006-SP3	8.269%
2006-SP4	8.591%
2007-SP1	7.236%
2007-SP2	7.561%
2007-SP3	8.565%

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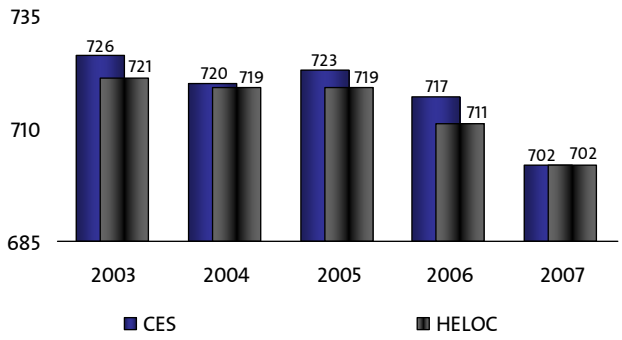
Residential Funding Mortgage Securities II, Inc. (HS & HSA Series Loans)

GMAC-RFC issues HS & HSA series deals off the RFMSII shelf. The HS & HSA deals may include pools of either or both Closed-End Seconds (CES) or Home Equity Lines of Credit (HELOC). CESs are 2nd lien, fixed-rate, closed-end loans with CLTVs up to 100% that are made to borrowers with A-quality credit and high residual income. HELOCs are 2nd lien, variable-rate, revolving lines of credit with CLTVs up to 100% that are also made to borrowers with A-quality credit and high residual income.

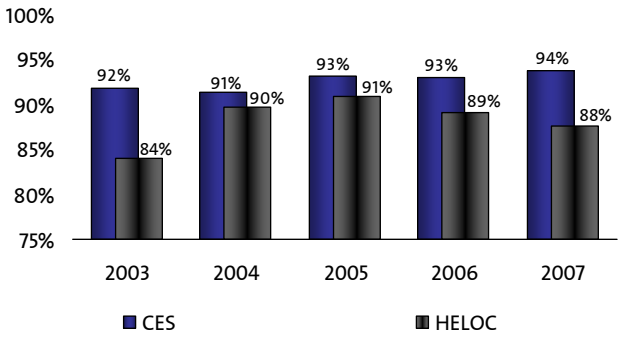
Year-to-Date and Cumulative Issuance



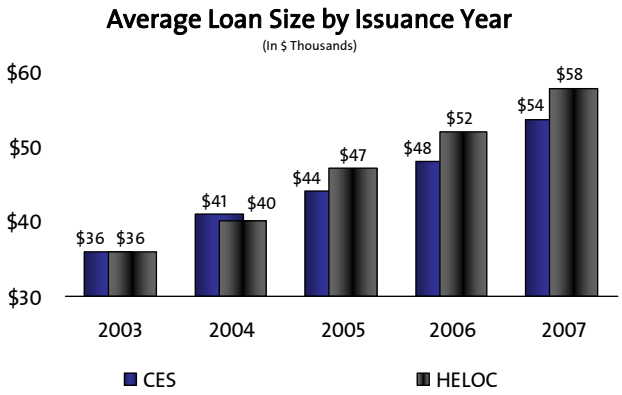
Weighted Average FICO Score by Issuance Year



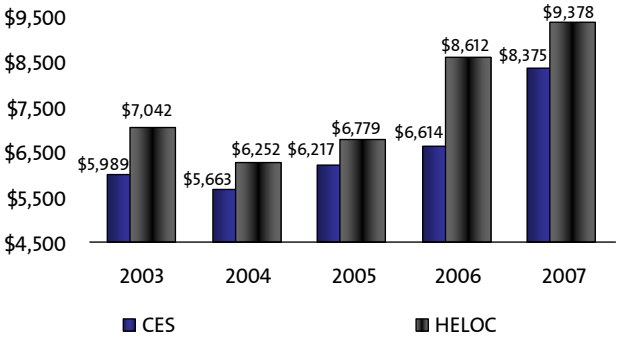
Weighted Average CLTV by Issuance Year



Average Loan Size by Issuance Year



Weighted Average Residual Income by Issuance Year



California Percent

	CES	HELOC
2003	23.4%	30.0%
2004	18.3%	21.0%
2005	13.9%	31.4%
2006	19.5%	37.0%
2007	24.9%	36.5%

WA Coupon

	CES	HELOC
2003	7.778%	3.876%
2004	7.676%	3.793%
2005	8.318%	6.890%
2006	8.802%	8.223%
2007	10.725%	8.988%

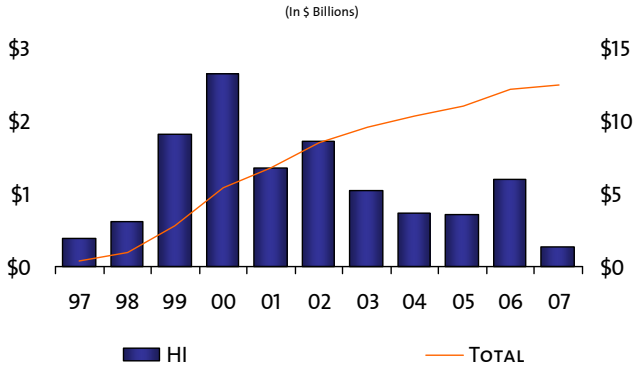
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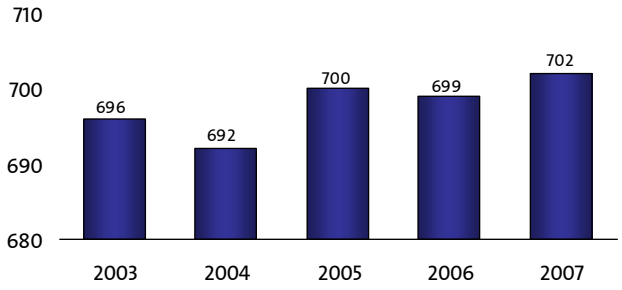
Residential Funding Mortgage Securities II, Inc. (HI Series)

GMAC-RFC issues HI series deals off of the RFMSII shelf. The HI deals are backed by 2nd lien, fixed-rate, closed-end loans with a maximum CLTV of 125%. The 125 program loans are made to borrowers with A-quality credit and high residual income.

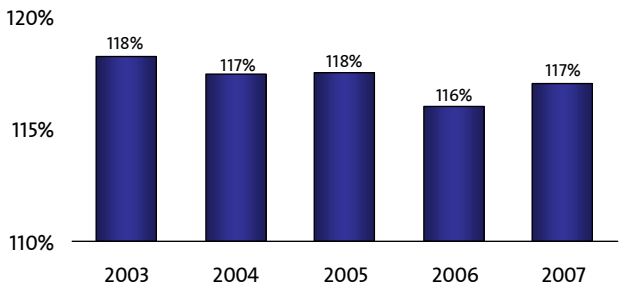
Year-to-Date and Cumulative Issuance



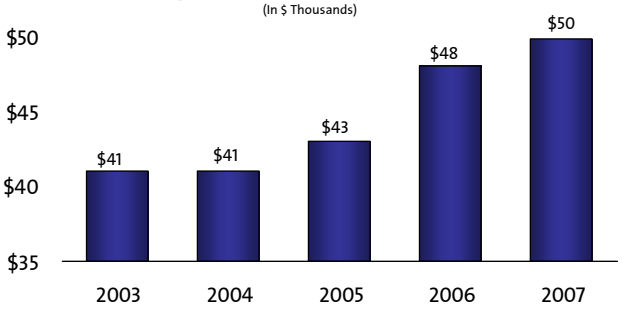
Weighted Average FICO Score by Issuance Year



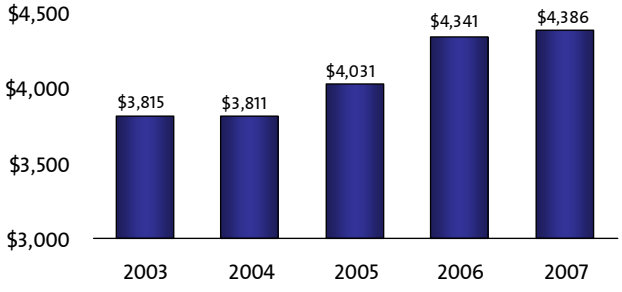
Weighted Average CLTV by Issuance Year



Average Loan Size by Issuance Year



Weighted Average Residual Income by Issuance Year



California Percent 125 CLTV	
2003	4.1%
2004	2.1%
2005	0.8%
2006	2.0%
2007	2.0%

WA Coupon 125 CLTV	
2003	11.363%
2004	11.642%
2005	11.679%
2006	12.253%
2007	12.578%

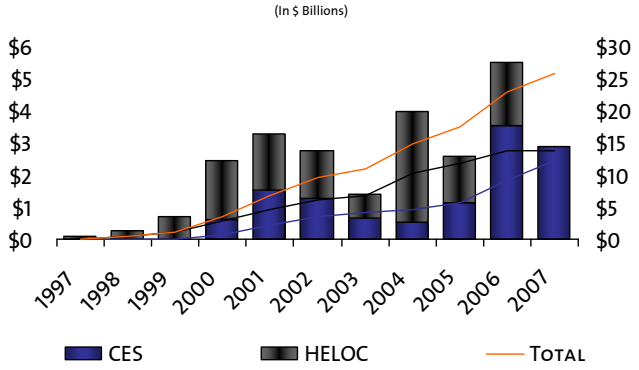
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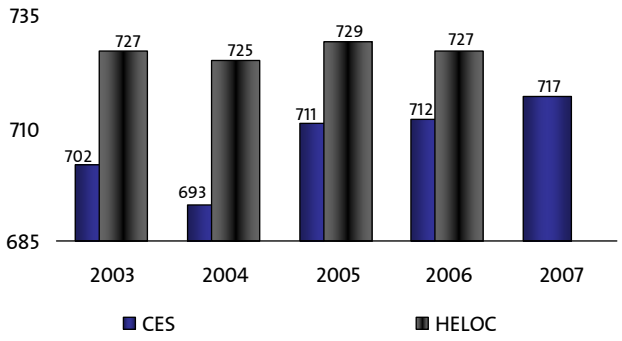
GMAC Mortgage Home Equity (HE Series Loans)

GMAC Mortgage issues HE series deals that may include pools of either or both Closed-End Seconds (CES) or Home Equity Lines of Credit (HELOC). CESs are 2nd lien, fixed-rate, closed-end loans with CLTVs up to 100% that are made to borrowers with A-quality credit and high residual income. HELOCs are 2nd lien, variable-rate, revolving lines of credit with CLTVs up to 100% that are also made to borrowers with A-quality credit and high residual income.

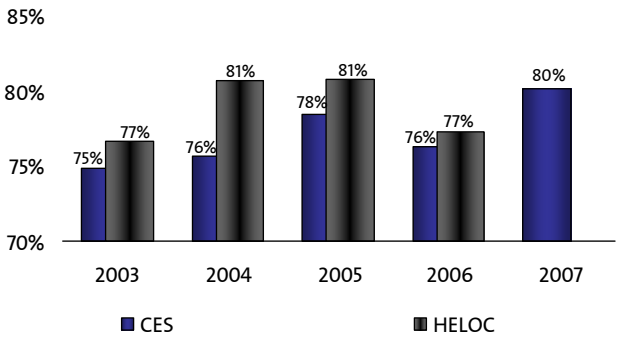
Year-to-Date and Cumulative Issuance



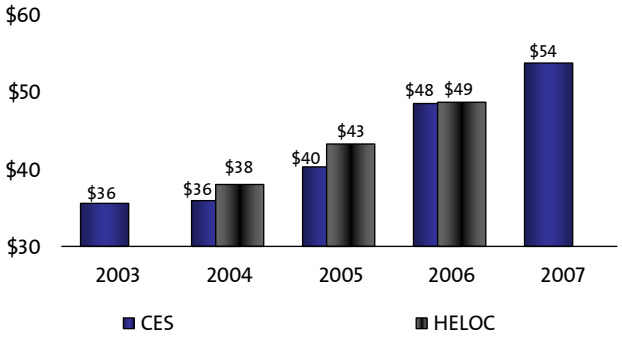
Weighted Average FICO Score by Issuance Year



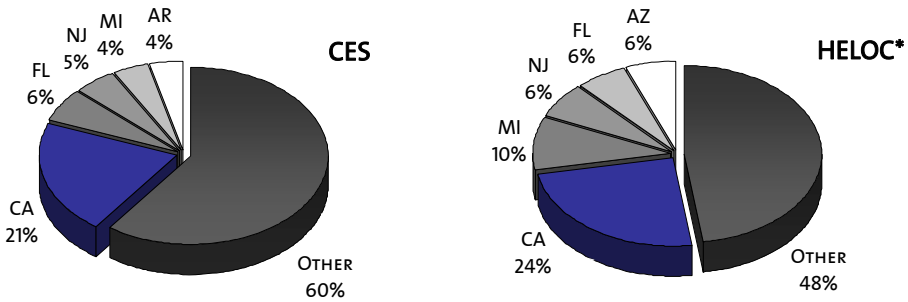
Weighted Average CLTV by Issuance Year



Average Loan Size by Issuance Year



Top Five States in 2007



California Percent	CES	HELOC
2003	35.3%	24.0%
2004	31.0%	19.6%
2005	25.1%	21.2%
2006	22.2%	23.6%
2007	20.8%	

WA Coupon	CES	HELOC
2003	7.807%	5.430%
2004	8.018%	5.327%
2005	7.238%	7.566%
2006	8.555%	8.845%
2007	8.768%	

*** HELOC data reflected through year end 2006.**

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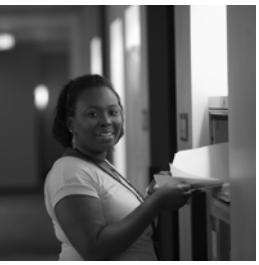


GMAC ResCap
One Meridian Crossings
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Minneapolis, MN 55423
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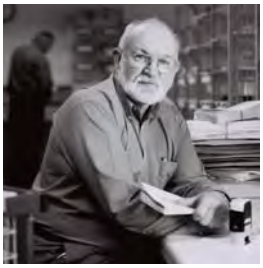






Exhibit 13

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

RFG Capital Markets Visits and Conferences Calendar

RFG CAPITAL MARKETS EXTERNAL VISITORS & CONFERENCES – MASTER CALENDAR

As of April 25, 2008

DATE	Company - Conf.	Contact	Location	Topics / Discussion / Materials	Attendees:
MAY					
5/04-07/2008	MBA National Secondary Market Conference	PIA	Boston	Annual Conference	**CM:** Trading, PBSM, PIA
5/6/2008	S&P	Julie Steinhagen	Fort Washington	Servicer Review	**CM:**
5/13/2008	Citigroup	Julie Steinhagen	New York	Servicing Conference	**CM:** Julie Steinhagen, Pieter VanZyl
JUNE					
JULY					
7/21-24/2008	Fannie Mae	Mike Rogala	Fort Washington	Originations & Servicing Operations Review	**CM:**
AUGUST					
SEPTEMBER					
OCTOBER					
10/19-22/2008	ABS East	Julie Steinhagen	Miami	Annual Conference	**CM:** IR, PIA, TRADING, IBG
10/19-22/2008	95th Annual MBA Convention & Expo	Julie Steinhagen	San Francisco	Annual Conference	**CM:** PIA, TRADING
NOVEMBER					
DECEMBER					
To Be Scheduled:					
FYI - INDUSTRY CONFERENCES (DO NOT PLAN TO ATTEND)					
02/26-29/2008	National Mortgage Servicing Conference & Expo		New Orleans	Annual Conference	
03/10-12/2008	Nonprime Lending Conference		Chicago	Annual Conference	
04/17-18/2008	2nd Annual Mortgage Servicing Conference		Dallas	Servicing Conference presented by SourceMedia	
05/01-02/2008	Housing Finance Summit		Orlando	Annual Conference	
6/01-04/2008	Global ABS Conference		Cannes, France	This is a joint ESF-IMN Conference	
07/20-22/2008	LoanPerformance Risk Summit		Carlsbad	Annual Conference	
09/17-18/2008	Subprime ABS & Distressed Debt Summit		Las Vegas	Annual Conference	
12/07-09/2008	CDO Summit		Dana Point, CA	Annual Conference	

Exhibit 14

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Calendar Entry: January 19, 2006 Meeting with Allstate

GMAC RFC

Allstate Agenda
January 19, 2006

Attire:	*Business Casual*
Location:	*Denali* *1Meridian Crossings* *Bloomington, MN*
Allstate Visitor:	*Meg Manda – Portfolio Manager, Asset-Backed Securities – Allstate* *Laura Ladewski – Lehman Brothers Asset Management*
RFC Visit Contacts:	*Nancy Bartsch (952-857-7006)* *Jamie Plantenberg (952-857-6874)*
Background:	Allstate's visit is focused on our diligence efforts. They currently participate in RASC, RAMP and RFMSII. They are planning on completing a file review and want to spend time speaking to associates that actually underwrite the files. Julie and Nancy have met with Allstate several times in Chicago. They ask very good, tough, detailed questions. Please come prepared to not necessarily follow the presentation outline.

9:00 – 10:00	**Product Overview and Website Demo** Nancy Bartsch – Director, Investor Relations
10:00 – 10:45	**Risk Valuation and Analytics (Credit Risk)** Mike Iversen – Senior Credit Risk Manager
10:45 – 11:30	**Underwriting** Sharon Mohs – Senior Business Advisor, Service Delivery Group Peggi Fossell – Senior Business Advisor, Service Delivery Group
11:30 – 12:00	**Lunch**
12:00 – 12:45	**Post Funding Audits** Will Thompson – Director, Quality Audit Brenda Maze – Director, Quality Investigation
12:45 – 1:30	**Compliance** Sonya McCumber – Chief Compliance Officer Kathy Coit – Compliance Risk Director
1:30 – 3:00	**File Review (RASC, RAMP, RFMSII)**

GMAC RFC

Exhibit 15

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

"GMAC-RFC Overview" Investor Presentation, dated May 2007

GMAC-RFC Overview

May 2007

GMAC RFC



Important Notice

In the presentation that follows and in related comments by GMAC-RFC's management, our use of the words "expect", "anticipate", "project", "estimate", "forecast", "objective", "plan", "goal", "outlook", "target", "pursue" and similar expressions is intended to identify forward looking statements.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors. Such factors include, among others, the following: changes in economic conditions, currency exchange rates, significant terrorist attacks or political instability in the major markets where we operate; changes in the laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates; and the threat of terrorism, the outbreak or escalation of hostilities between the United States and any foreign power or territory and changes in international political conditions may continue to affect both the United States and the global economy and may increase other risks.

This material is provided solely for informational purposes and is not an offer to sell or a solicitation to buy any mortgage loans or securities of any kind. No representation is made that the information contained herein is accurate or complete or that any returns indicated will be achieved. All information provided herein is unaudited. The information contained herein is provided without warranty of any kind, express or implied, and GMAC-RFC expressly disclaims any warranties of merchantability or fitness for a particular purpose, title or non-infringement. GMAC-RFC will not accept responsibility for any damages, financial or otherwise, sustained by any person or entity resulting directly or indirectly from information contained herein.

Corporate Structure

FIM Holdings, LLC — 51%

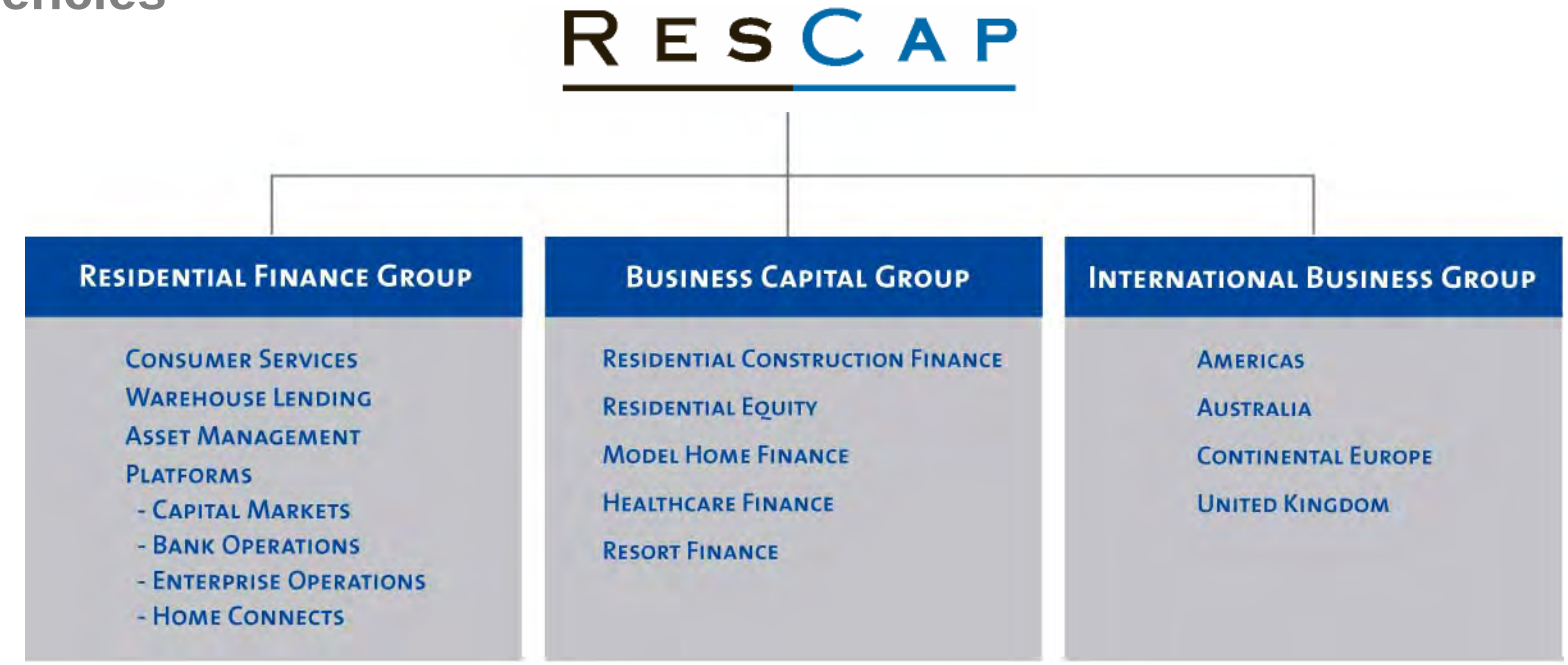
GM — 49%

GMAC Financial Services

ResCap

Diversified Mortgage Enterprise

- **ResCap is diversified across most sectors of the residential mortgage market**
  - Well positioned to capitalize on market opportunities across the mortgage spectrum
- **ResCap has obtained separate investment grade credit ratings as an independent finance subsidiary of GMAC from all four rating agencies**



ResCap Credit Ratings

ResCap maintains separate investment grade credit ratings as an independent finance subsidiary of GMAC

	Short-Term	Long-Term	Outlook
DBRS	R-3	BBB (low)	Stable
Fitch	F-2	BBB	Negative
Moody's	P-3	Baa3	Negative
S&P	A-3	BBB-	Stable

Note: Ratings shown are current as of 6/6/2007

U.S. and International Securitization

GMAC RFC

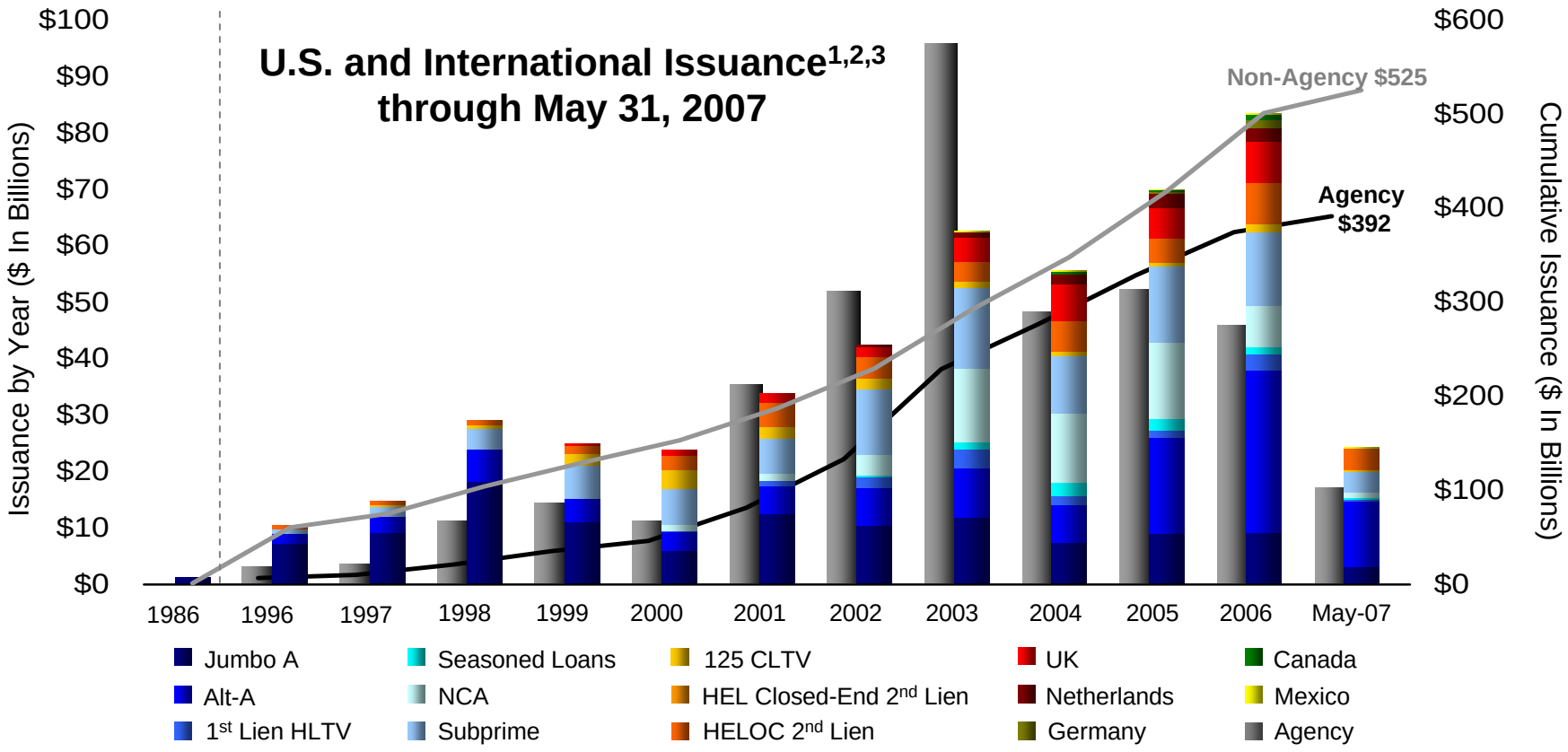


U.S. Business Model

Vertically integrated business model

- **Multiple origination channels**
  - Correspondent, broker, retail originations
- **Diversified mortgage products**
  - Prime to non-prime, newly originated to seasoned, performing and non-performing
- **Broad distribution capabilities to meet investor needs**
- **Top tier servicing capabilities across all asset types**

Issuance Activity



1) *Does not include NIMS, resecuritizations, private issuance or whole loan sales.*
2) *Source: www.gmacrfc.com and www.gmacmbond.com.*
3) *GMAC-RFC began issuing non-agency securities in 1986.*

U.S. Securitization Programs

GMAC-RFC

	Newly Originated 1st Lien					Seasoned	Newly Originated 2nd Lien	
Issuer	**RFMSI** S & SA	**RALI** QS, QA QO & QH	**RAMP** RZ	**RAMP** RS, EFC & NC	**RASC** KS, AHL & EMX	**RAAC** SP	**RFMSII** HI	**RFMSII** HS & HSA
Product	Jumbo A	Alt-A	High LTV First Lien Mortgages (107% max)	NCA (Negotiated Conduit Asset)	Subprime	Seasoned Portfolio Loans	High CLTV Second Lien Loans (125% max)	Home Equity Second Lien Loans & Lines
Credit Type	Prime	Prime	Prime	Non-Prime	Non-Prime	Prime to Non-Prime	Prime	Prime
Year of First Issue	1986	1995	2000	2000	1995	2004	1997	1996
YTD Issuance (in Millions)	$3,105	$11,617	$340	$883	$3,757	$357	$258	$2,679
Cumulative Issuance (in Billions)	$144.2	$101.5	$12.6	$53.0	$91.3	$3.9	$12.4	$14.7

Issuance through May 31, 2007. Issuance excludes NIMS, resecuritizations, private issuance or whole loan sales.

U.S. Securitization Programs

GMAC Residential

	Newly Originated 1st Lien Seasoned			Newly Originated 2nd Lien	
Issuer	**GMACM** J & AR	**GMACM** AF & AA	**GMACM** GH	**GMACM** HLTV	**GMACM** HE
Product	Non-Conforming Jumbo A	Alt-A	Scratch & Dent	High CLTV Second Lien Loans (125% max)	Home Equity Second Lien Loans & Lines
Credit Type	Prime	Prime	Prime	Prime	Prime
Year of First Issue	1999	2005	2001	2000	2000
YTD Issuance (in Millions)	$0	$0	$0	$0	$1,186
Cumulative Issuance (in Billions)	$20.5	$0.8	$0.9	$2.2	$24.0

Issuance through May 31, 2007. Issuance excludes NIMS, resecuritizations, private issuance or whole loan sales.

International Securitization Programs

International 1st Lien Programs

Issuer	RMAC UK	CMAC Canada	MXMAC Mexico	EMAC Netherlands	EMAC Germany
Product	Non-Conforming	Alt-A	Subprime	Conventional	Alt-A
Credit Type	Prime to Non-Prime	Prime	Non-Prime	Prime	Prime
Year of First Issue	1998	2004	2003	2002	2005
YTD Issuance (in Millions)	$0	$0	$87	$0	$0
Cumulative Issuance (in Billions)	$27.8	$1.6	$0.6	$8.1	$1.8

Issuance in U.S. dollars through May 31, 2007. Issuance excludes NIMS, resecuritizations, private issuance or whole loan sales.

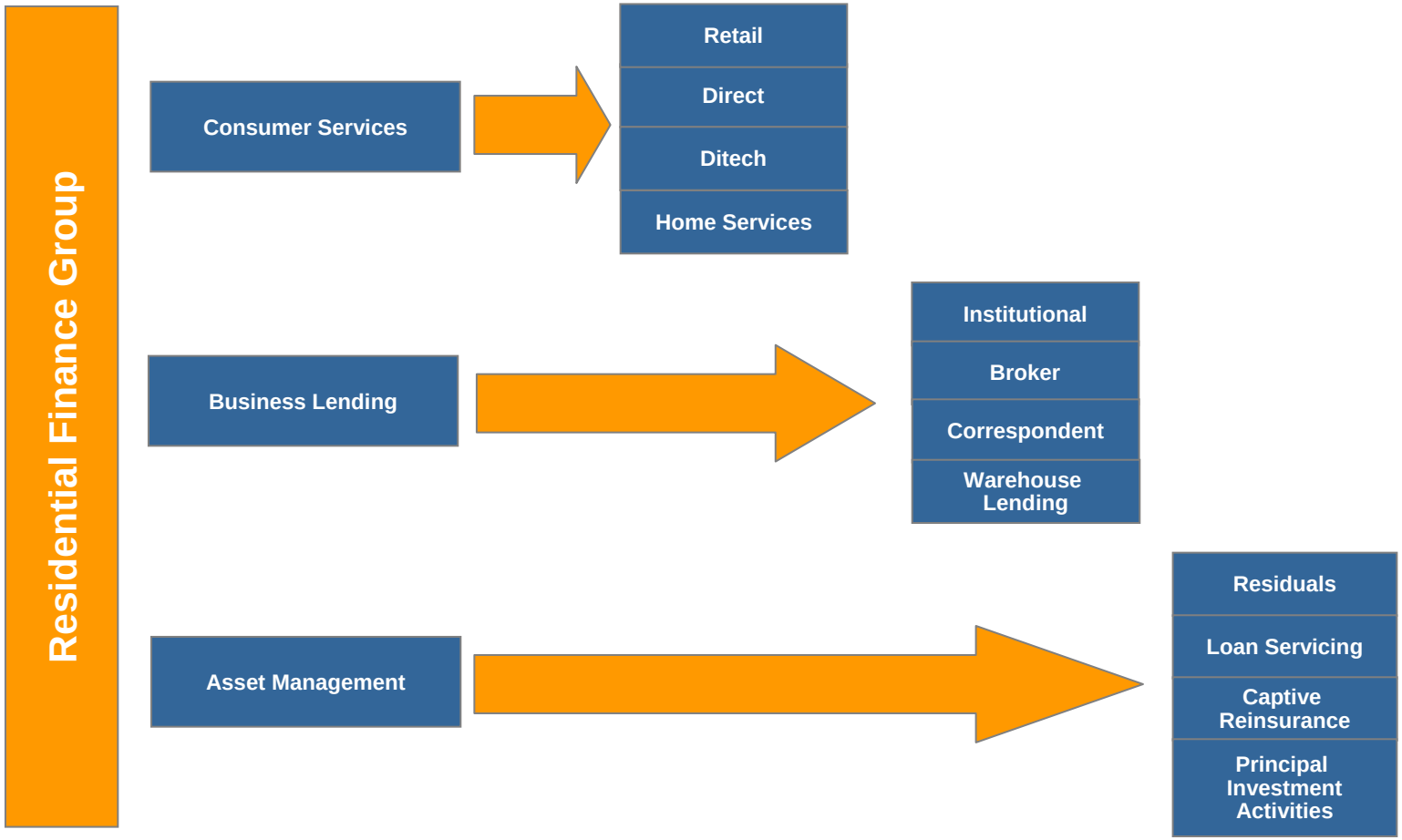
U.S. Residential Finance Group Securitization

GMAC RFC



RFG Overview

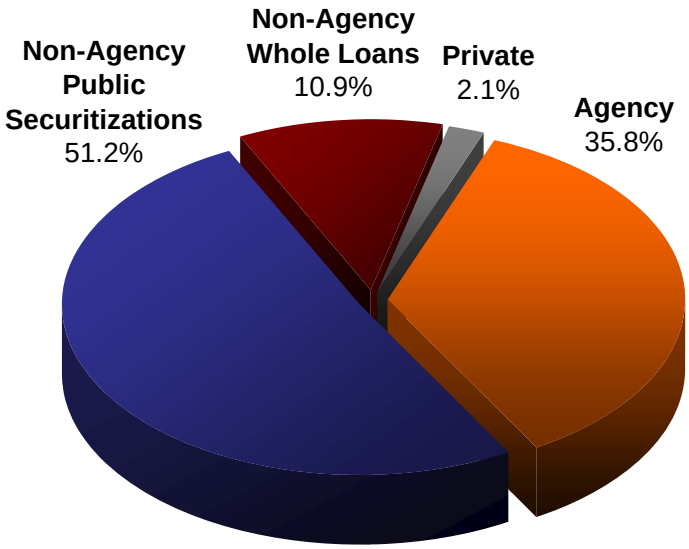
Diversified Revenue Sources



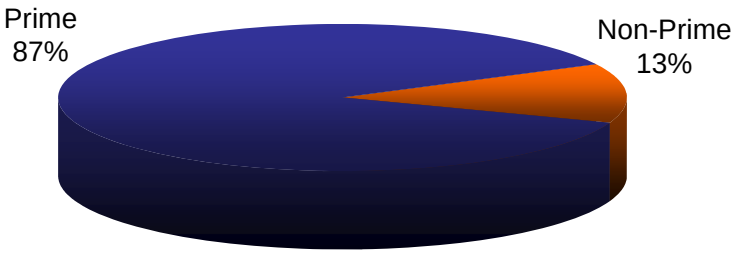
Securitization and Investment Strategies

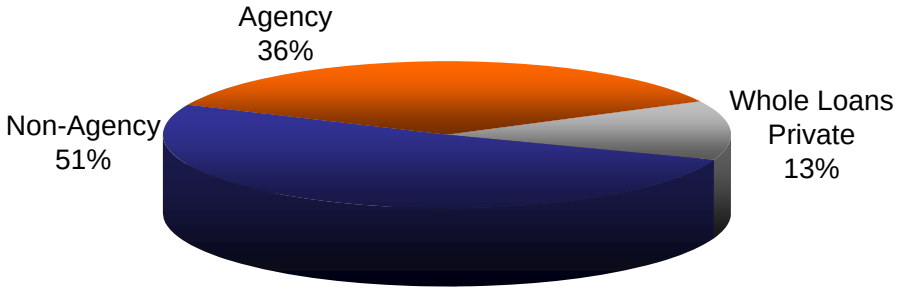
- Diversified sources of funding
- Flexibility in our approach to distribution of product and management of our balance sheet
- Risk/reward structuring decisions are based on a return on economic capital (ROEC) perspective
- We invest in less liquid assets and pieces of the capital structure
- ResCap's portfolio retained residual risk on 12.3% of 2006 distribution volume

Distribution through 5/31/07
$47.3 Billion



Issuance Volume





Shelf	2007 YTD* Issuance ($B)	Deal Count	%	2006 YTD* Issuance ($B)	2006 Full Year Issuance ($B)
RFMSI (Jumbo A)	$3.1	7	6.6%	$1.6	$7.7
GMACM (Jumbo A)	$0.0	0	0.0%	$1.4	$1.4
RALI (Alt-A, Option Arms)	$11.6	21	24.6%	$9.5	$28.8
RAMP RS (Negotiated Assets)	$0.9	2	1.9%	$5.2	$7.3
RAMP RZ (High LTV)	$0.3	1	0.7%	$0.9	$3.0
RASC (Subprime)	$3.8	5	7.9%	$6.2	$13.0
RAAC SP (Seasoned)	$0.4	1	0.8%	$0.6	$1.3
RFMSII (Prime Seconds)	$2.9	4	6.2%	$1.6	$3.0
GMACM (Prime Seconds)	$1.2	1	2.5%	$1.5	$5.7
NON-AGENCY PUBLIC:	**$24.2**	**42**	**51.2%**	**$28.5**	**$71.2**
AGENCY:	**$16.9**		**35.8%**	**$16.4**	**$45.9**
WHOLE LOANS/PRIVATE:	**$6.1**		**13.0%**	**$6.5**	**$23.9**
TOTAL:	**$47.3**		**100.0%**	**$51.4**	**$141.0**

Year-to-date issuance through May 31. Prime includes Agency, public and private Non-Agency (RFMSI, RALI, RFMSII & GMACM). Non-Prime includes public and private Non-Agency (RAMP RS, RAMP RZ, RASC, RAAC). Single seller deals for EFC and NC are included in RAMP RS and EMX deals are included in RASC KS.

MBS Shelves

	RFMSI		RALI				RAAC
Series	**SA**	**S**	**QA**	**QS**	**QO**	**QH**	**SP***
Product	Jumbo A ARM	Jumbo A Fixed	Alt-A ARM	Alt-A Fixed	Payment Option ARMs	Hybrid Payment Option ARMs	Seasoned Portfolio
Principal Balance Average	$491,767	$492,059	$338,398	$251,245	$365,364	$378,964	$165,328
% ARMS	100%	0%	100%	0%	100%	100%	48%
WA FICO	733	736	708	707	702	714	696
WA LTV %	71%	70%	77%	74%	75%	73%	78%*
Reduced Doc %	43%	38%	81%	76%	94%	89%	31%
Reduced Doc WA FICO	743	739	708	707	702	713	689
Interest Only %	89%	33%	87%	45%	NA	NA	18%
Interest Only WA FICO	738	738	708	707	NA	NA	704
Non-Owner Occupied %	0%	0%	13%	16%	10%	9%	10%
California %	37%	37%	35%	18%	58%	60%	16%

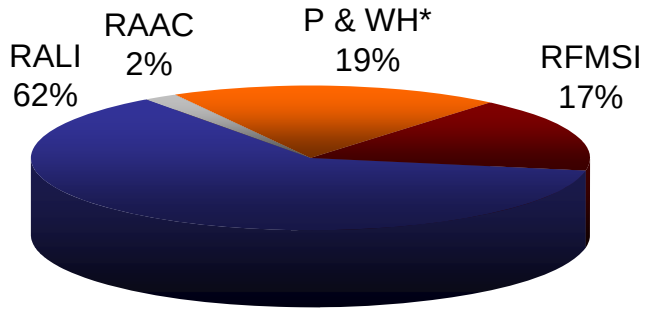
Information through April 30, 2007.

SP may include MBS or ABS seasoned loans and WA LTV is as of loan origination.

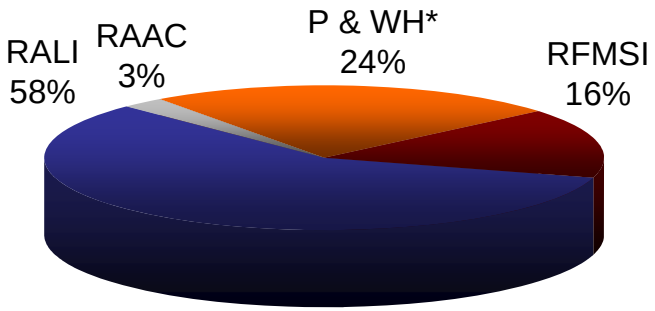
MBS Issuance Volume

Shelf & Series	2007 YTD* Deal Count	2007 YTD* Issuance ($B)	2006 Issuance ($B)
RFMSI S Series (Jumbo FRM):	4	$2.41	$6.80
RFMSI SA Series (Jumbo ARM):	3	$0.70	$0.91
Private & Whole Loan:	3	$0.15	$2.56
RFMSI Total:	**10**	**$3.26**	**$10.27**
RALI QS Series (Alt-A FRM):	7	$5.60	$12.76
RALI QA Series (Alt-A ARM):	4	$1.92	$5.55
RALI QO Series (POA):	4	$1.97	$10.10
RALI QH Series (HyPOA):	5	$2.13	$0.34
Private & Whole Loan:	16	$2.41	$7.96
RALI Total:	**36**	**$14.02**	**$36.72**
RAAC SP Series (Seasoned Portfolio):	1	$0.36	$1.3
Private & Whole Loan:	3	$1.00	$1.3
RAAC Total:	**4**	**$1.35**	**$2.58**
TOTAL PUBLIC:	**28**	**$15.08**	**$37.73**
PRIVATE & WHOLE LOAN:	**22**	**$3.56**	**$11.84**
TOTAL:	**50**	**$18.64**	**$49.56**

2007 YTD Issuance %

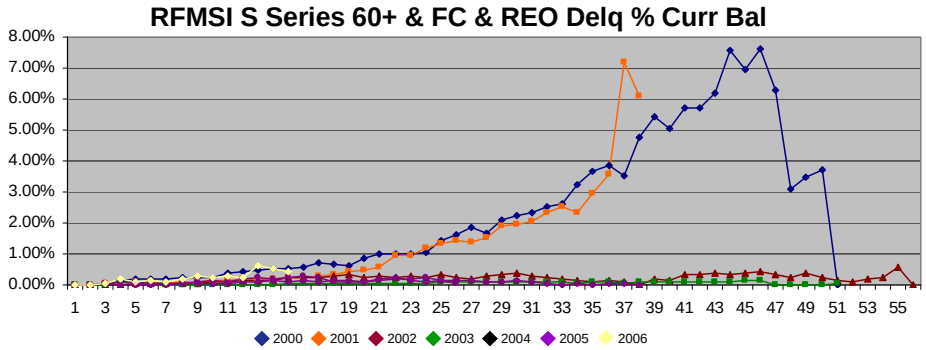


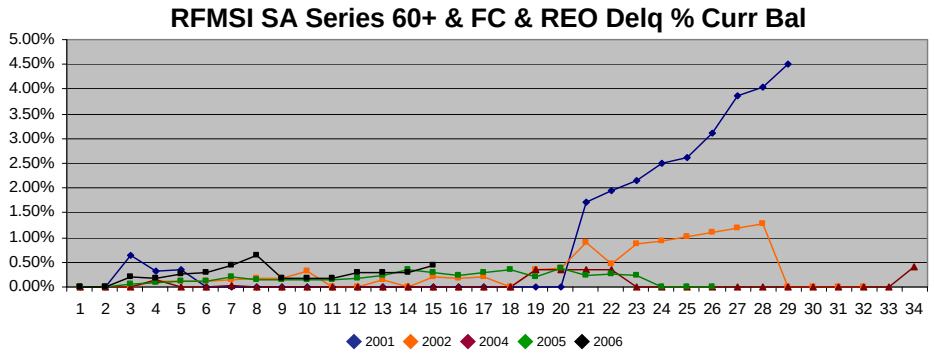
2006 Full Year Issuance %

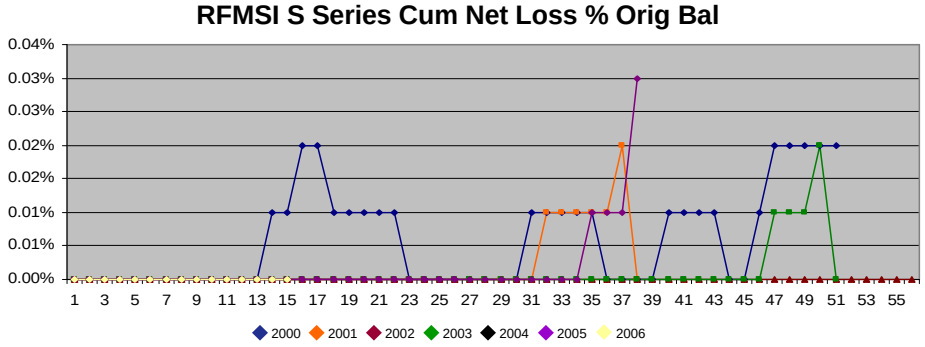


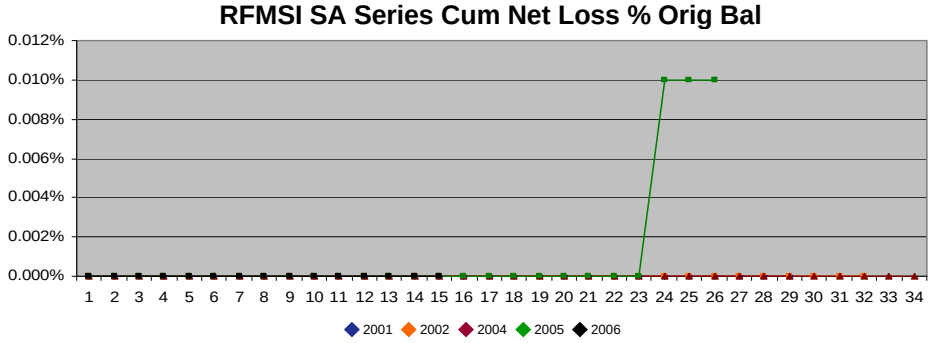
Year-to-date issuance through May 31, 2007. P & WH Represents Private & Whole Loan.

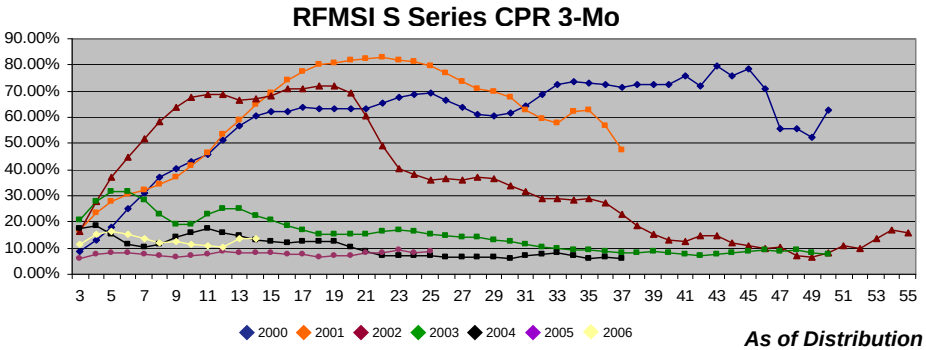
RFMSI S & SA Series Performance Summary

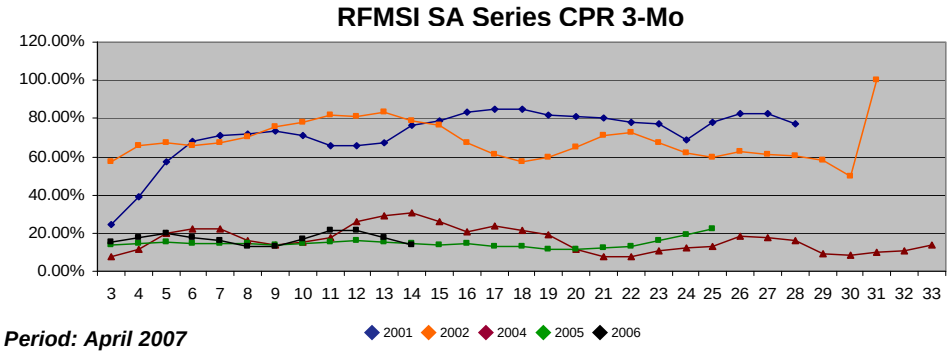






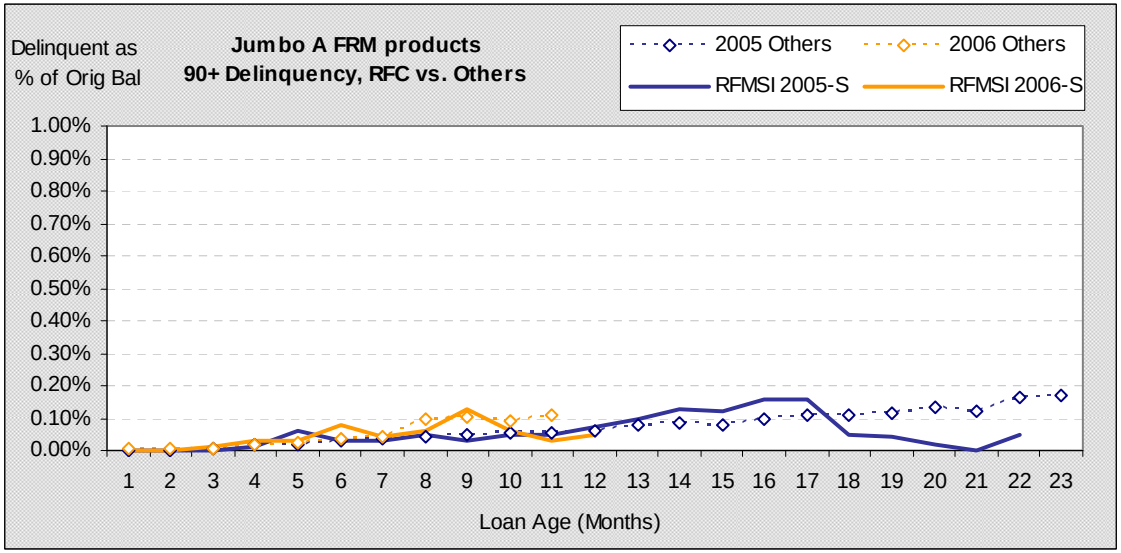


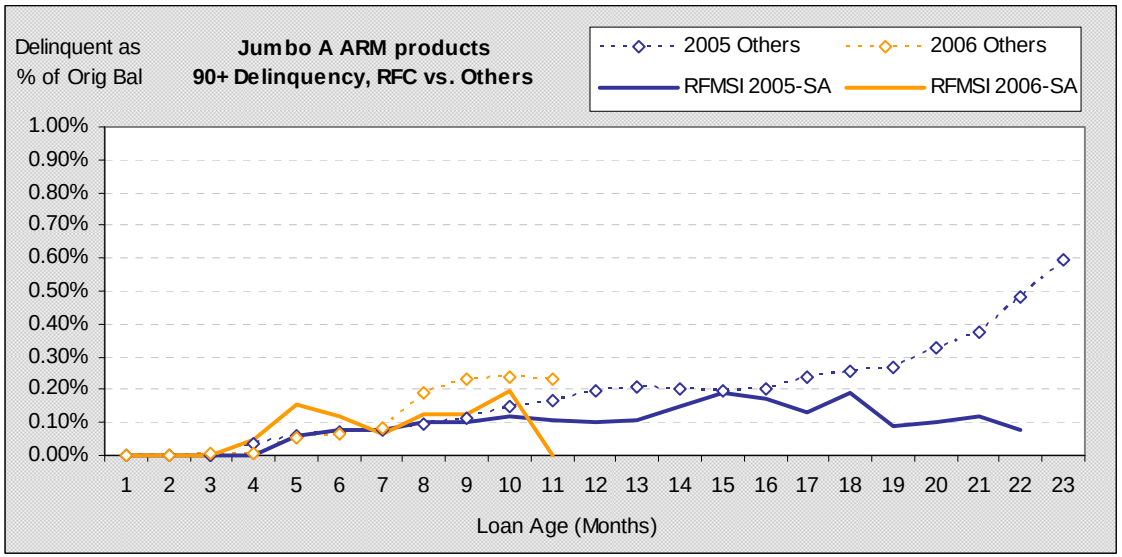




As of Distribution Period: April 2007

Performance Summary – Jumbo A Products





Source:
Loan Performance
December 2006

Jumbo A Policy Changes (RFMSI Shelf)

Jumbo A - eliminated criteria:

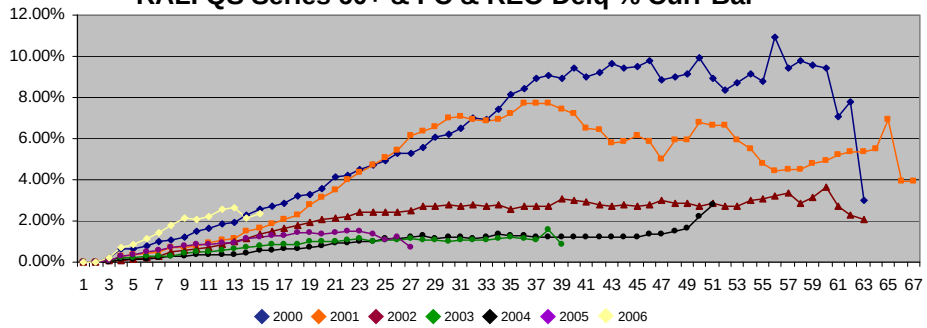
- Loans with CLTV's >95% (new max 95%)
- Loan amounts less than $150,000

Other Jumbo A criteria changes:

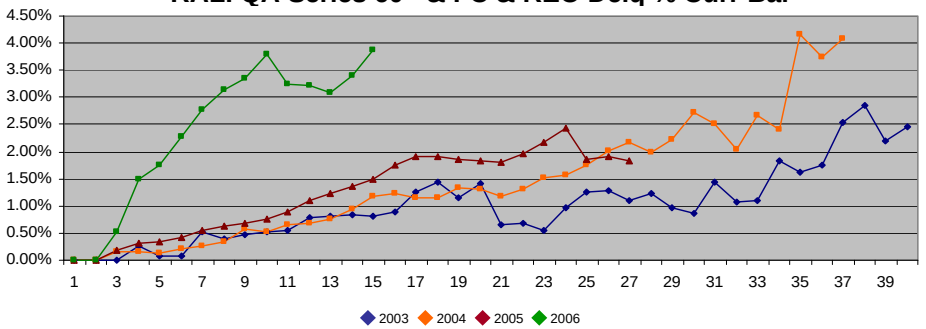
- All Full Document loans require 2 months reserves
- All Stated Document loans require 6 months reserves

RALI QS & QA Series Performance Summary

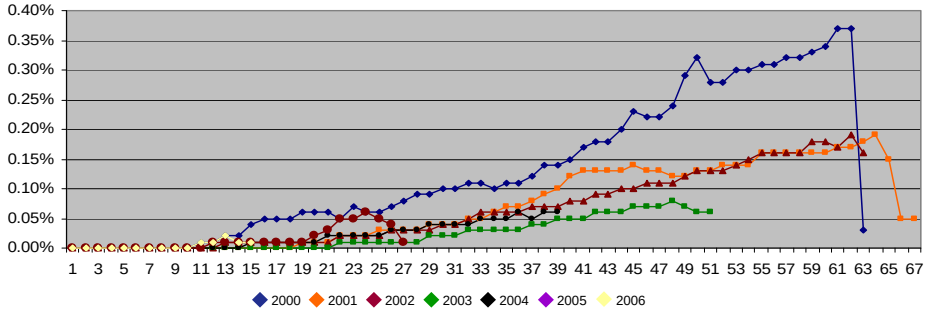
RALI QS Series 60+ & FC & REO Delq % Curr Bal



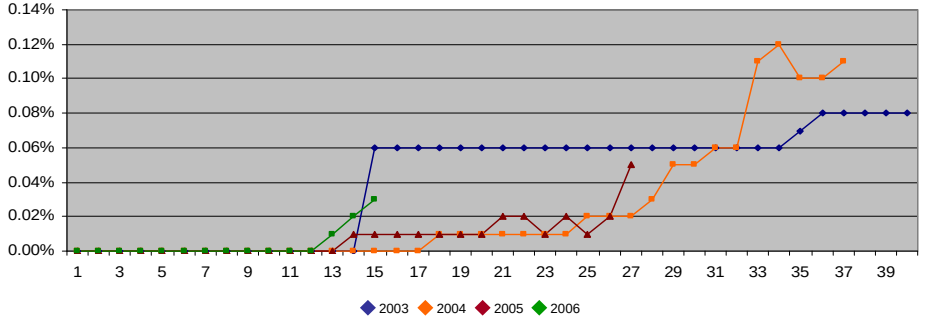
RALI QA Series 60+ & FC & REO Delq % Curr Bal



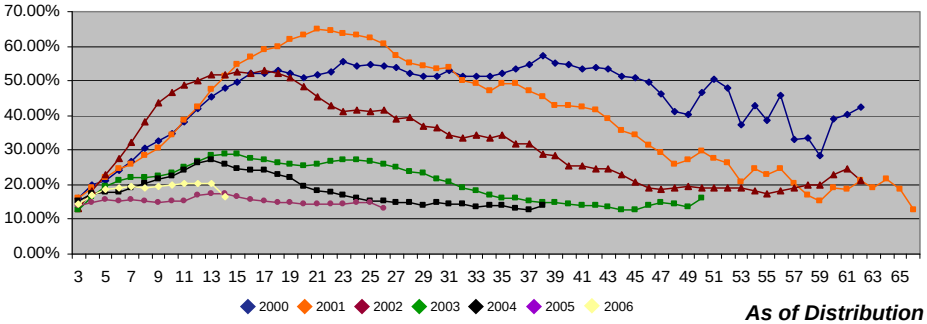
RALI QS Series Cum Net Loss % Orig Bal



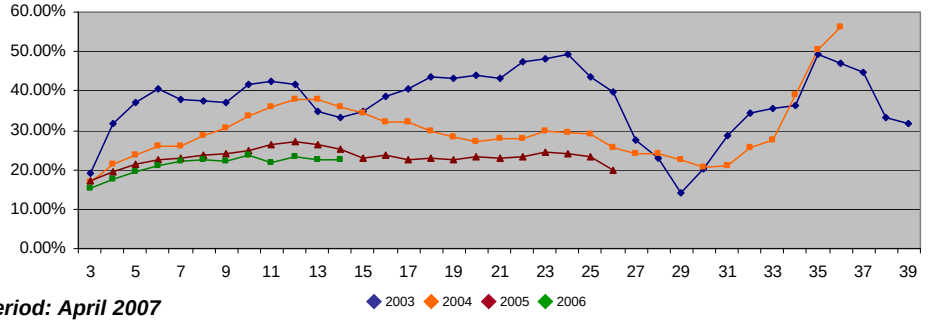
RALI QA Series Cum Net Loss % Orig Bal



RALI OS Series CPR 3-Mo

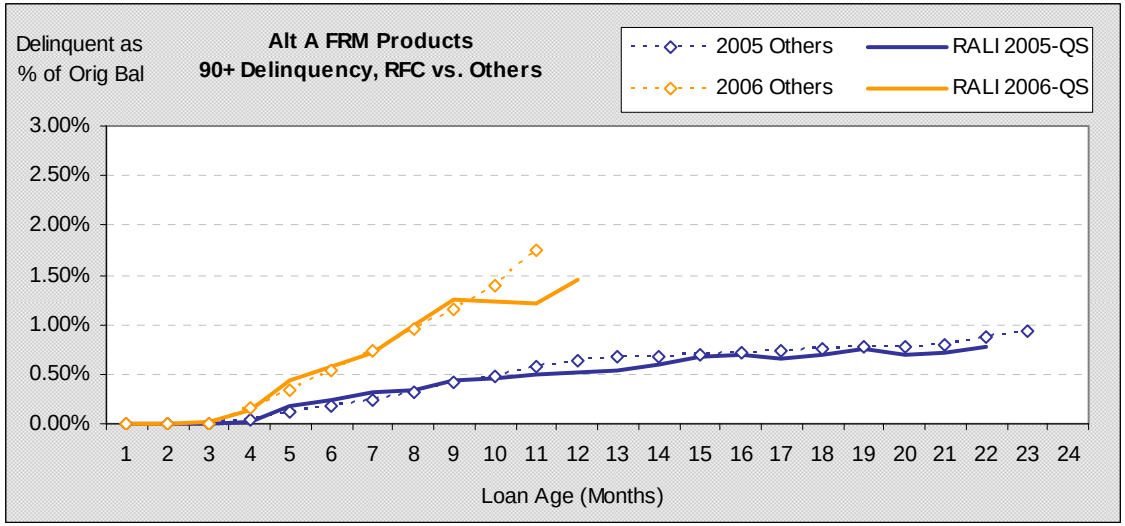


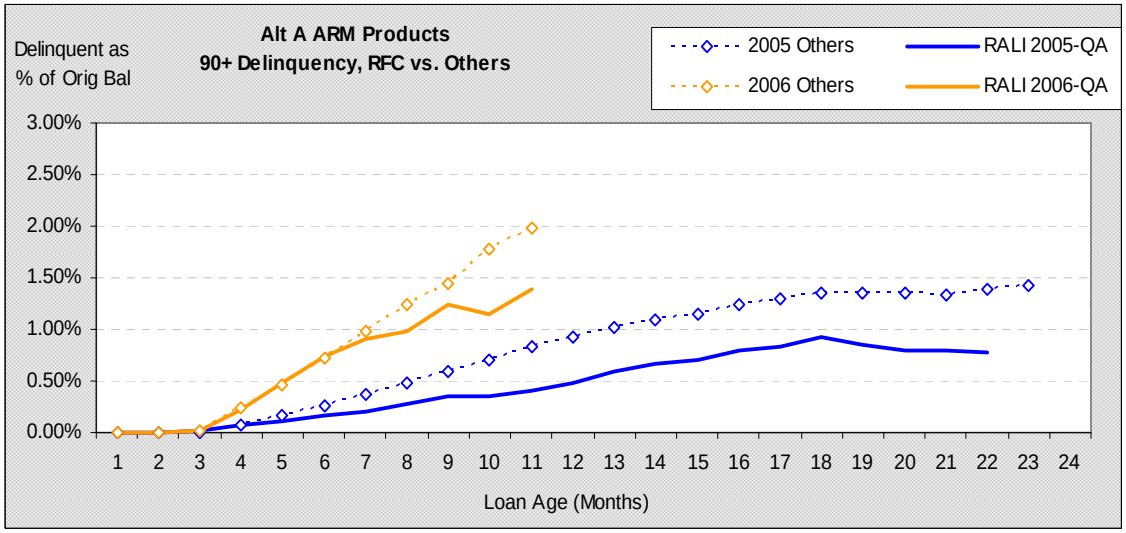
RALI QA Series CPR 3-Mo



As of Distribution Period: April 2007

Performance Summary – Alt A Products





Source:
Loan Performance
December 2006

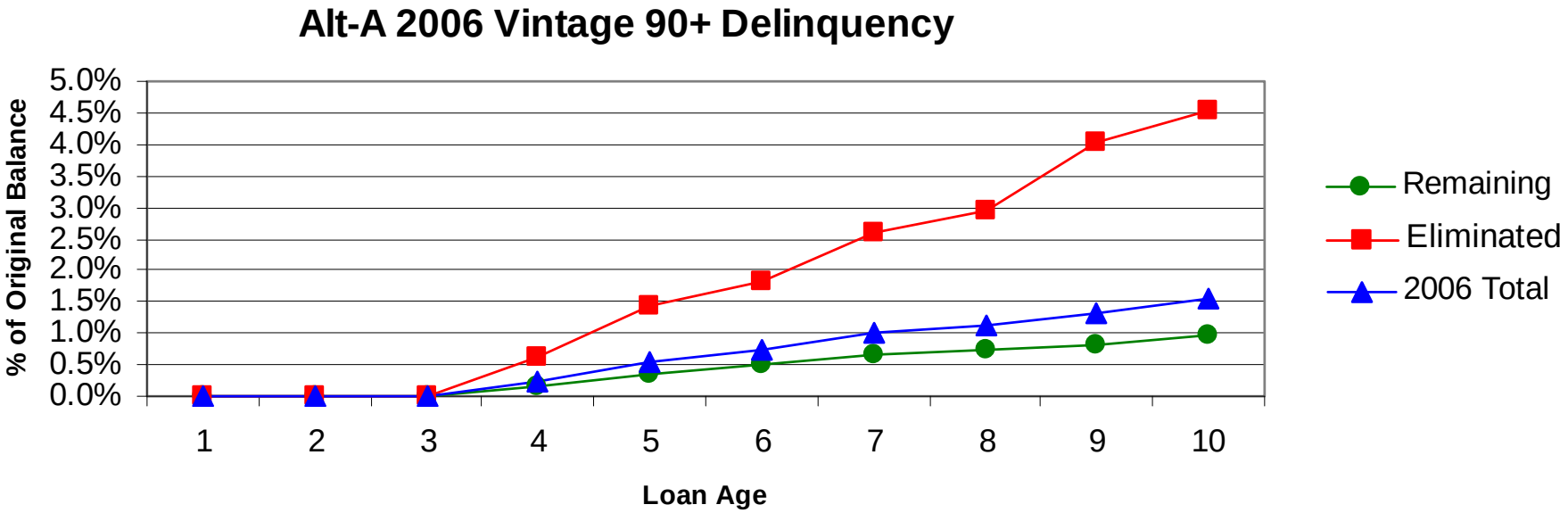
Alt-A Credit Policy Changes (RALI Shelf)

Alt-A eliminated Criteria

Loans with CLTV's >95% for the following segments:

- FICO's below 660, all document types (New max 95%)
- Loan amounts > $1M for all FICO's and all document types (New max 95%)
- Second Homes for all FICO's and document types (New max 95%)
- Non-Owner Occupied for all FICO's and document types (New max 95%)
- Cash-out transactions for all FICO's and document types (New max 95%)
- All Stated Income loans with FICO's > 660 (New max 95%)
- All Stated Income loans with FICO's < 660 (New max 90%)

Alt-A Credit Tightening – Performance Impact



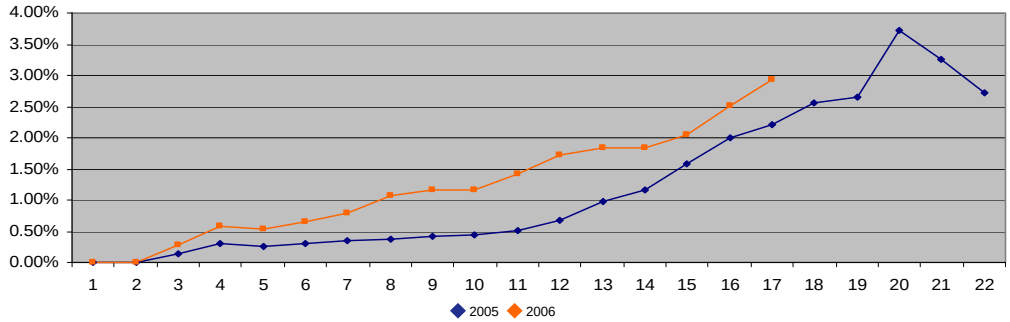
2006 Alt-A

	Eliminated Volume	Remaining Volume	2006 Total
Purchase Balance	$4,394,523,053	$17,644,099,641	$22,038,622,693
% of Volume	20%	80%	100.00%
Weighted Average FICO	704	712	710
Weighted Average LTV	80	74	75
Weighted Average CLTV	100	80	84
Reduced Income Doc %	91%	73%	76%
Actual EPD Rate	2.02%	0.66%	0.93%

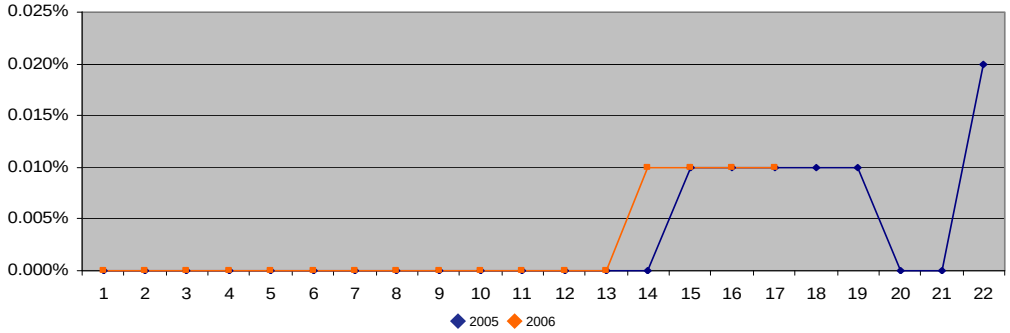
EPD defined as 60+ delinquency at month four of the loan. Excludes GMAC Residential.

RALI QO Series Performance Summary

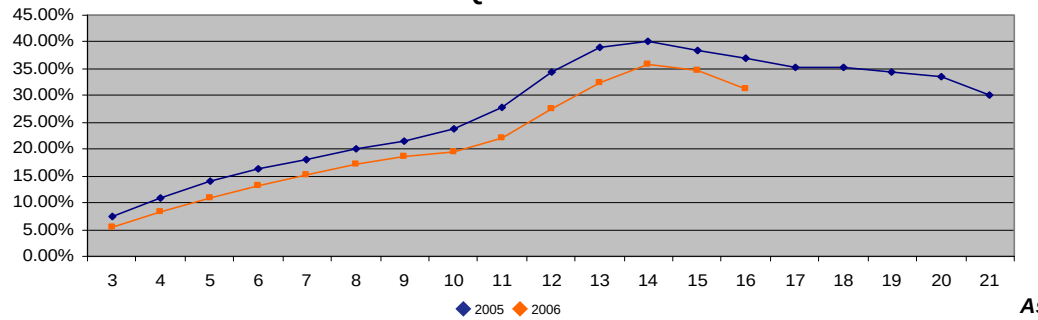
RALI QO 60+ & FC & REO Delq % Curr Bal



RALI QO Cum Net Loss % Orig Bal

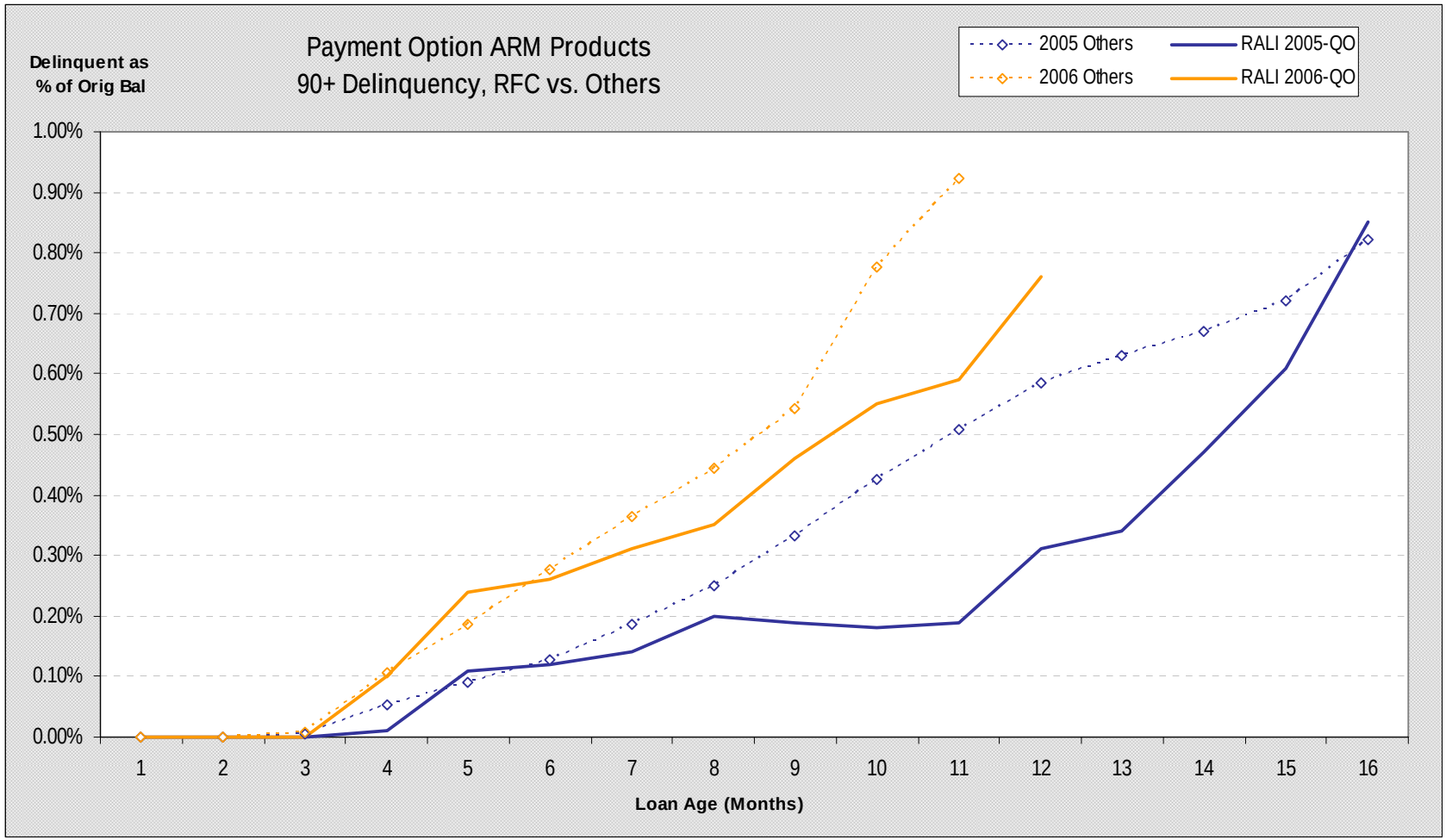


RALI QO CPR 3-Mo



As of Distribution Period: May 2007

Performance Summary – POA Products



Source: Loan Performance December 2006.

Alt-A Payment Option (RALI QA & QH)

Payment Option eliminated criteria:

Borrowers with a 1 x 30 mortgage delinquency in the last 12 monhts

Loans with LTV/CLTV's >90% for the following segments:

- FICO's below 660, all document types (New max 90% CLTV)
- Second/Vacation Homes, all document types (New max 90% CLTV)
- SIVA and SISA where FICO's are below 700 (New max 90% CLTV)

Loans with LTV/CLTV's >80% for the following segments:

- SIVA and SISA, FICO's below 680 (New max 80% CLTV)
- Multi family, FICO's below 680 (New max 80% CLTV)

Loans with LTV/CLTV's >75% for the following segments:

- Non-Owner, FICO's below 660 (New Max 75% CLTV)
- SISA, FICO's below 660 (New Max 75% CLTV)

Alt-A Credit Tightening – Performance Impact

Additional Payment Option criteria changes:

First Time Home Buyers (FTHB):

- Owner Occupied only
- Maximum LTV/CLTV 90%
- Stated Income requires FICO greater than 660 and 6 months reserves
- No SISA or No Ratio loans allowed
- 12 Month rental verification through canceled checks or bank statements

POA 2006 Fundings	Remaining	Eliminated	Total 2006
Purchase Balance	15,303,322,493	958,969,877	16,262,292,370
% of Volume	94%	6%	100%
Average Loan Amount	$351,088	$368,268	$351,663
Weighted Average FICO	704	678	703
Weighted Average LTV	75	77	75
Weighted Average CLTV	79	81	79
Actual 90+ Default	**0.74%**	**1.81%**	**0.80%**
Early Payment Default (90 @ 3)	**0.11%**	**0.50%**	**0.14%**

EPD defined as 60+ delinquency at month three of the loan. Excludes GMAC Residential.

ABS Shelves

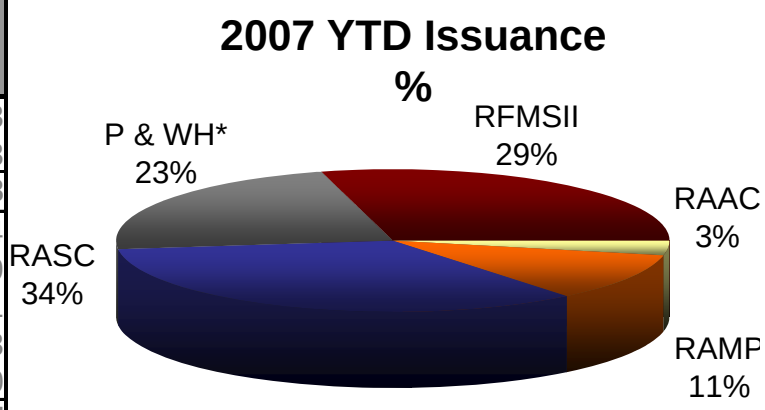
	RAAC	RAMP		RASC	RFMSII		
Series	**SP***	**RZ**	**RS**	**KS**	**HS/HSA**	**HS/HSA**	**HI**
Product	Seasoned Portfolio	High LTV First Lien	Negotiated Conduit Assets	Subprime	Home Equity Second Lien Closed End Seconds	Home Equity Second Lien Lines of Credit	High CLTV Second Liens
Principal Balance Average	$165,328	$181,194	$233,393	$168,126	$54,001	$57,652	$49,803
% ARMS	48%	71%	39%	73%	0%	100%	0%
WA FICO	696	671	680	618	701	701	702
WA LTV/CLTV %	78%*	100%	85%	83%	94%	87%	117%
Reduced Doc %	31%	35%	68%	43%	72%	69%	1%
Reduced Doc WA FICO	689	702	683	635	699	701	709
Interest Only %	18%	21%	49%	13%	19%	61%	1%
Interest Only WA FICO	704	711	683	647	699	706	702
Non-Owner Occupied %	10%	14%	20%	4%	13%	4%	1%
California %	16%	8%	16%	15%	25%	37%	2%

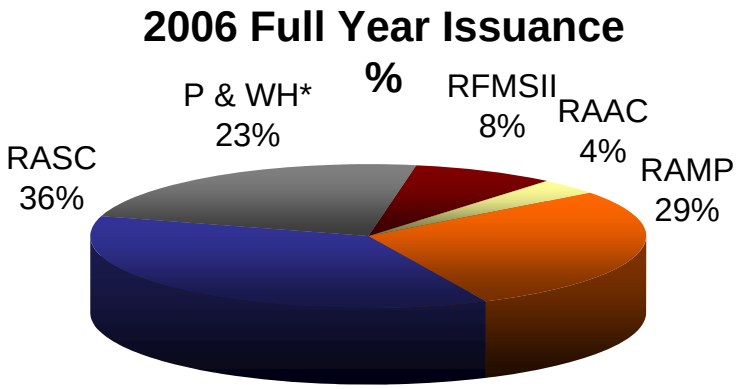
Information through April 30, 2007

****SP may include MBS or ABS seasoned loans and WA LTV is as of loan origination.***

ABS Issuance Volume

Shelf & Series	2007 YTD* Deal Count	2007 YTD* Issuance ($B)	2006 Issuance ($B)
RAAC SP Series (Seasoned Portfolio):	1	$0.36	$1.3
Private & Whole Loan:	3	$1.00	$1.3
RAAC Total:	**4**	**$1.35**	**$2.58**
RAMP RS Series (NCA):	2	$0.88	$4.44
RAMP RZ Series (HLTV):	1	$0.34	$2.99
RAMP EFC Series:	0	$0.00	$1.01
RAMP NC Series:	0	$0.00	$1.83
RAMP Private & Whole Loan:	0	$0.20	$0.00
RAMP Total:	**3**	**$1.22**	**$10.27**
RASC KS Series (Subprime):	4	$3.01	$7.29
RASC EMX Series:	1	$0.75	$5.75
Private & Whole Loan:	0	$0.00	$2.41
RASC Total:	**5**	**$3.76**	**$15.45**
RFMSII HI Series (125 CLTV):	1	$0.26	$1.20
RFMSII HS and HSA Series (CES/HELOC):	3	$2.68	$1.81
Private & Whole Loan:	5	$1.34	$4.63
RFMSII Total:	**9**	**$4.27**	**$7.64**
TOTAL PUBLIC:	**13**	**$8.27**	**$27.58**
PRIVATE & WHOLE LOAN:	**8**	**$2.53**	**$8.36**
TOTAL:	**21**	**$10.81**	**$35.94**

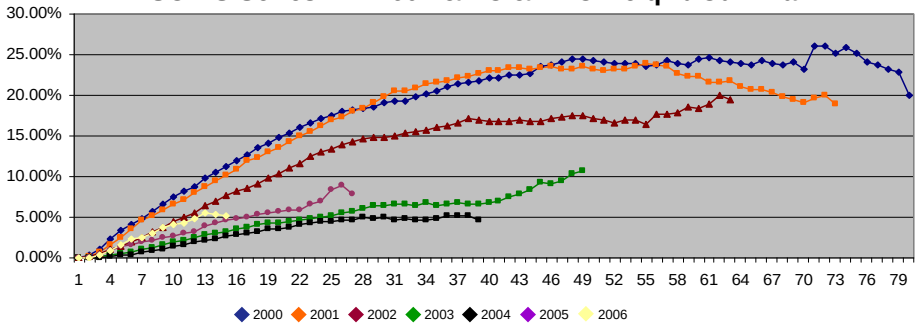




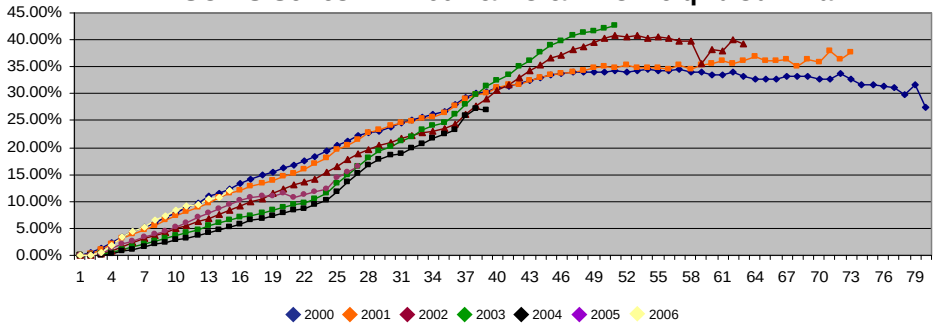
Year-to-date issuance through May 31, 2007. P & WH Represents Private & Whole Loan.

RASC KS Series Performance Summary

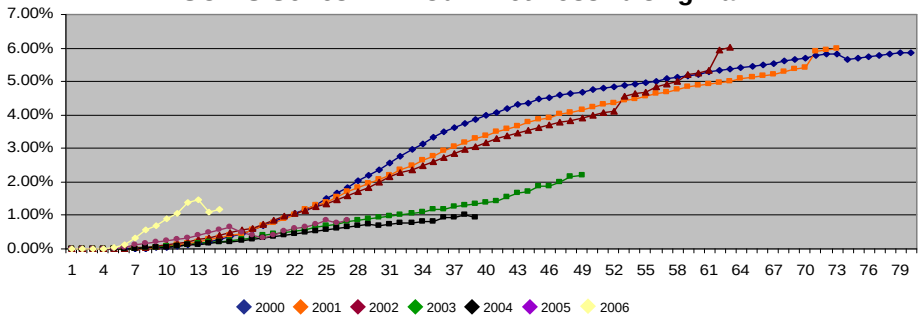
RASC KS Series FRM 60+ & FC & REO Delq % Curr Bal



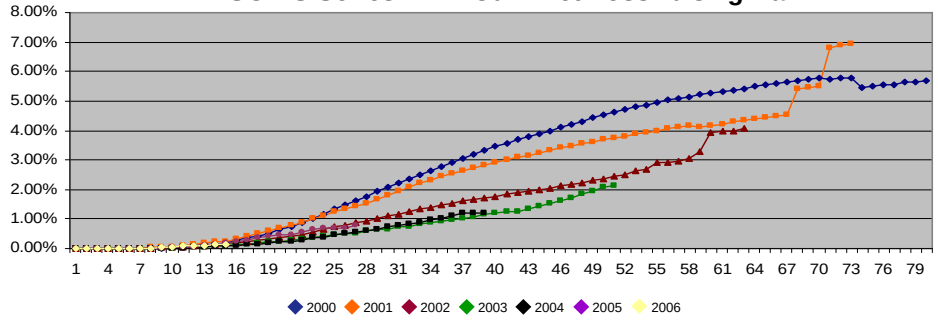
RASC KS Series ARM 60+ & FC & REO Delq % Curr Bal



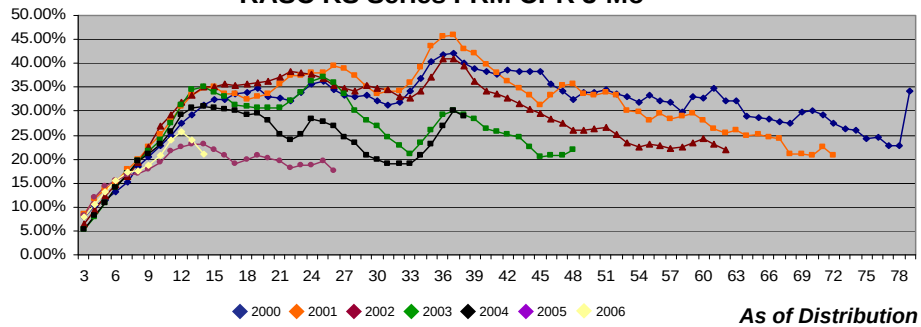
RASC KS Series FRM Cum Net Loss % Orig Bal



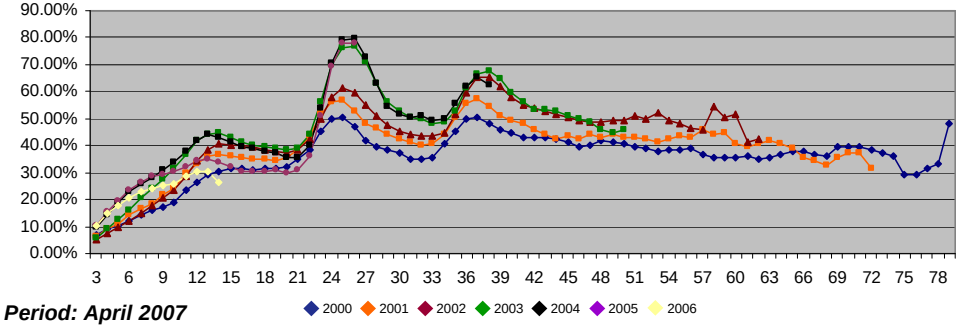
RASC KS Series ARM Cum Net Loss % Orig Bal



RASC KS Series FRM CPR 3-Mo

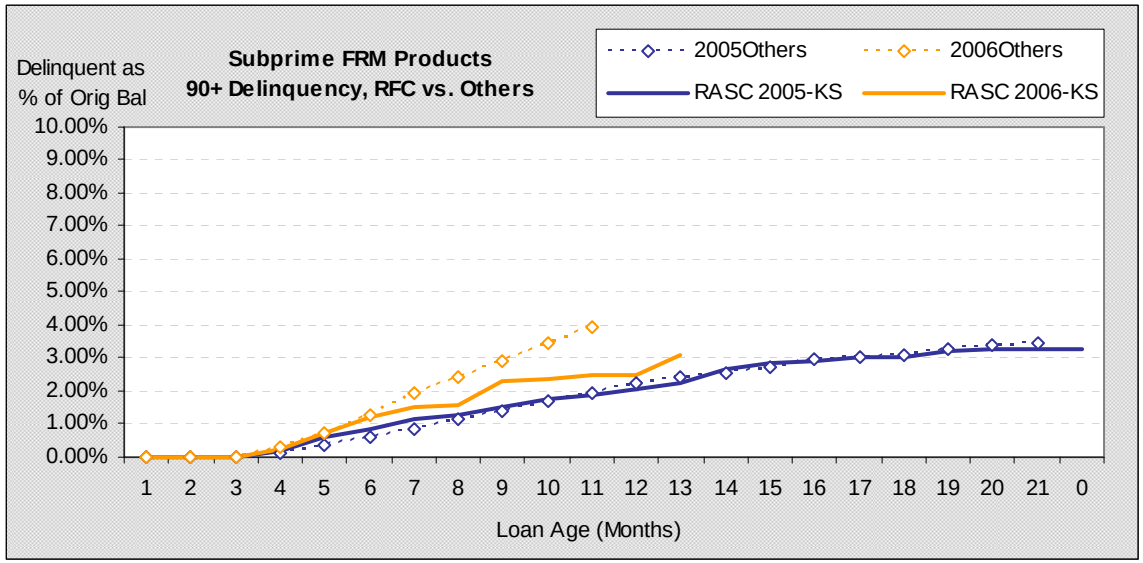


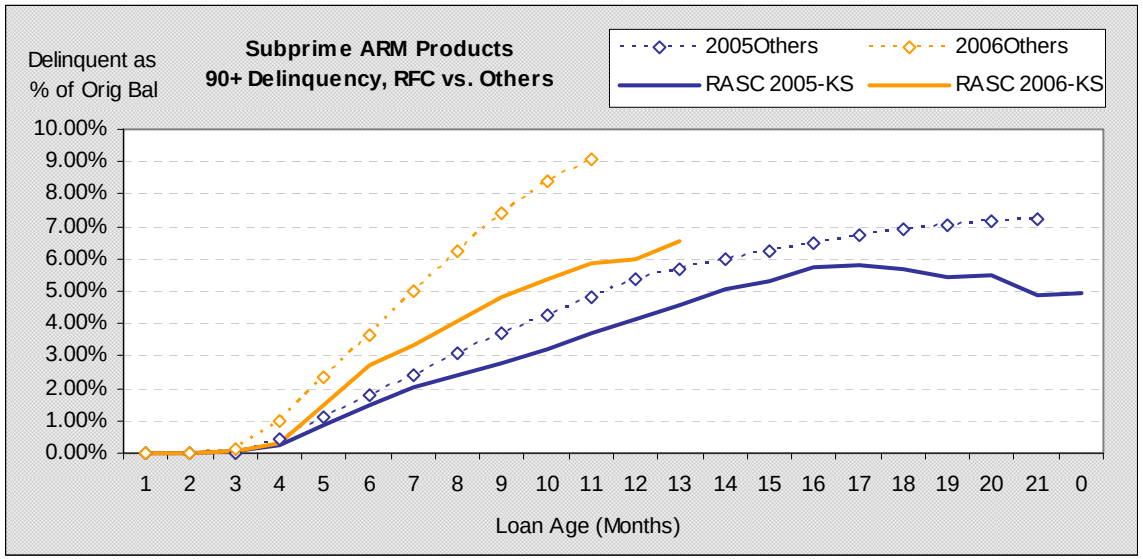
RASC KS Series ARM CPR 3-Mo



As of Distribution Period: April 2007

Performance Summary – Subprime Products





Source:
Loan Performance
December 2006

Subprime Credit Policy Changes (RASC Shelf)

Subprime eliminated criteria

- Loans with secondary financing and CLTV's > 95% (80/20 combo loans)
- All Second lien loans
- Full Doc > 95% LTV
- Stated Doc > 90% LTV
- All loans with FICO's < 540
- A5/Ax Credit Grade Full Doc > 90% LTV/CLTV
- A5/Ax Credit Grade Stated Doc 86-95% LTV/CLTV
- AM Credit Grade FICO 560-599 86-90% LTV/CLTV
- 40 Year program for Non-Owner Occupied properties
- Reduced maximum LTV/CLTV by 10% for wage earners from stated doc published criteria (Min FICO 580 and max LTV/CLTV of 80%)

Subprime Credit Policy Changes (RASC Shelf)

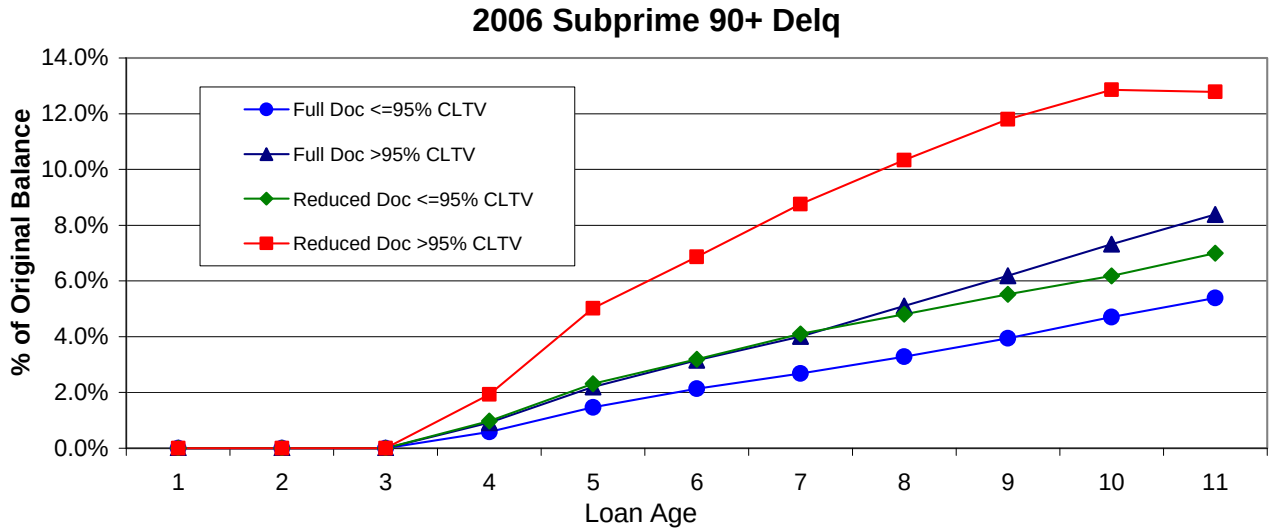
Additional Subprime criteria changes

- First Interest rate cap 1.5% (Previously 3%)
- All Loans with a LTV/CLTV > 90%
  - Raised the minimum FICO to 620
  - Maximum of 50% DTI
  - Interest Only maximum of 45% DTI
  - Require $2,000 residual income
  - Minimum loan balance is $100,000
- All Non-Owner Occupancy loans
  - Require $2,000 residual income
  - Maximum of 50% DTI
- Maximum seller concessions of 3% (from 6%)
- Owner Occupied Properties
  - Loan amounts less than $75,000 have maximum LTV/CLTV of 75%
- Non Owner Occupied or Second Homes in IN, OH, MI and IL
  - Minimum loan amount of $100,000

Problem Loan Triage

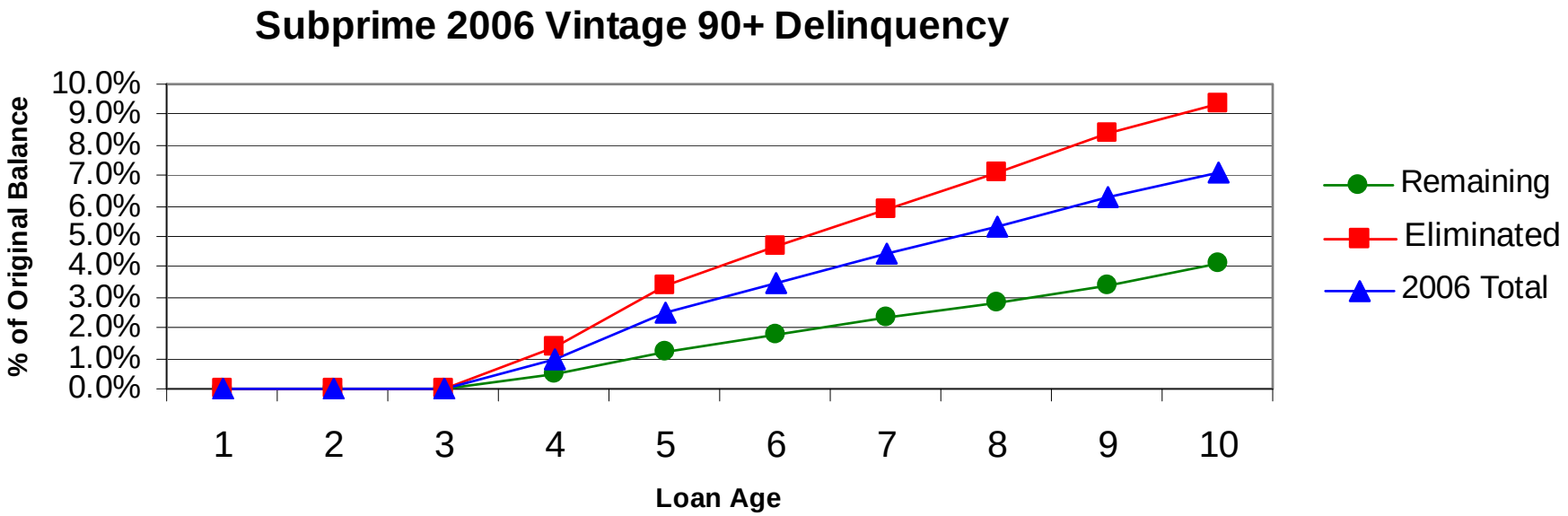
Current versus 60+ Delinquent Borrower Comparison as of 1/31/07

	Volume Pct	FICO	LTV	CLTV	WAC	2nd Lien	Purchase	Reduced Doc	Piggy Back	CLTV>95
Current	90.97%	623	81	89	8.50	5.0%	41.6%	**37.4%**	**29.0%**	**41.5%**
60+ DQ	9.03%	616	82	93	8.91	5.5%	57.7%	**48.2%**	**40.7%**	**55.6%**
Grand Total	100.00%	623	81	90	8.54	5.0%	43.1%	**38.4%**	**30.1%**	**42.8%**



	Full Doc		Reduced Doc		Grand Total
	<=95 CLTV	>95 CLTV	<=95 CLTV	>95 CLTV	
% of Volume	37.5%	23.9%	19.7%	18.8%	100.0%
Weighted Average FICO	**598**	**632**	**624**	**660**	**623**
Weighted Average CLTV	82	100	82	100	90

Subprime Credit Tightening – Performance Impact



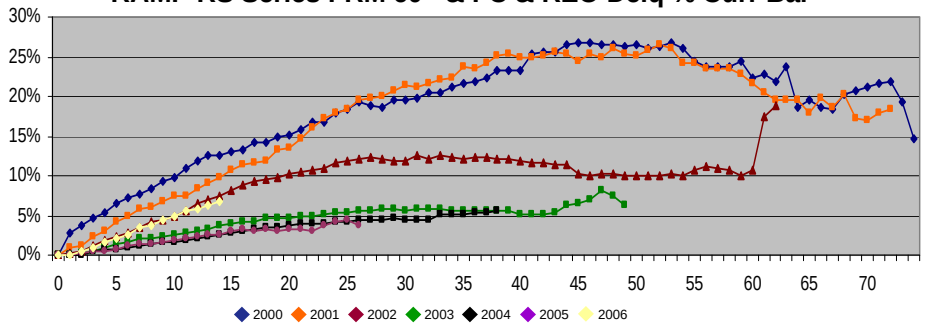
2006 Subprime

	Eliminated Volume	Remaining Volume	2006 Total
Purchase Balance	$13,043,333,131	$9,345,400,874	$22,388,734,005
% of Volume	58%	42%	100%
Weighted Average FICO	627	617	623
Weighted Average LTV	82	79	81
Weighted Average CLTV	96	80	90
Reduced Income Doc %	42%	33%	39%
Actual EPD Rate	5.85%	2.84%	4.75%

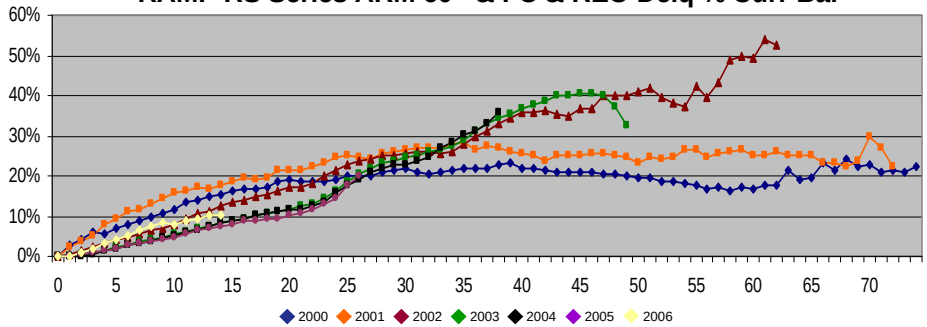
EPD defined as 60+ delinquency at month four of the loan.

RAMP RS Series Performance Summary

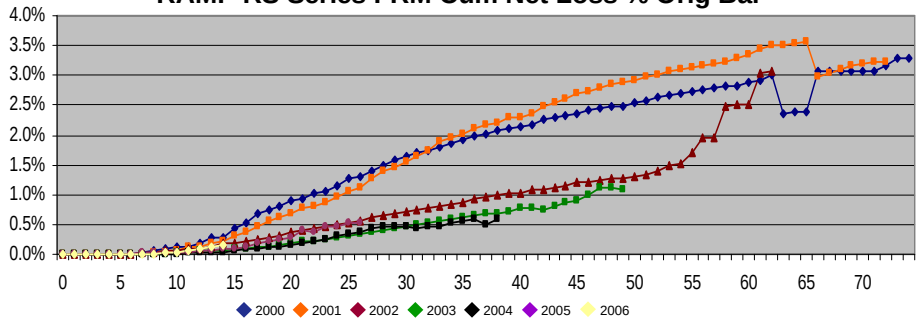
RAMP RS Series FRM 60+ & FC & REO Delq % Curr Bal



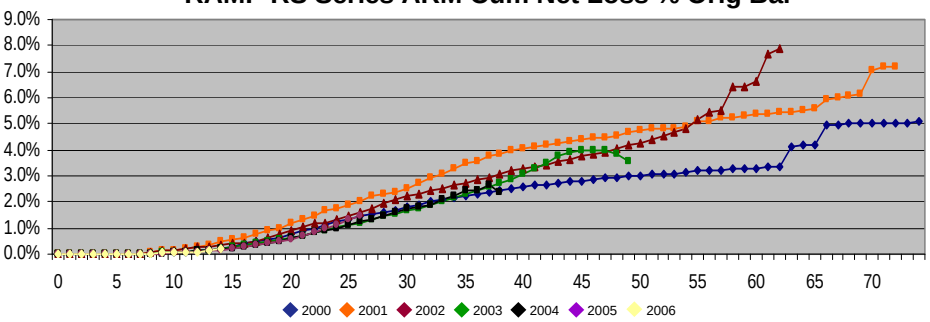
RAMP RS Series ARM 60+ & FC & REO Delq % Curr Bal



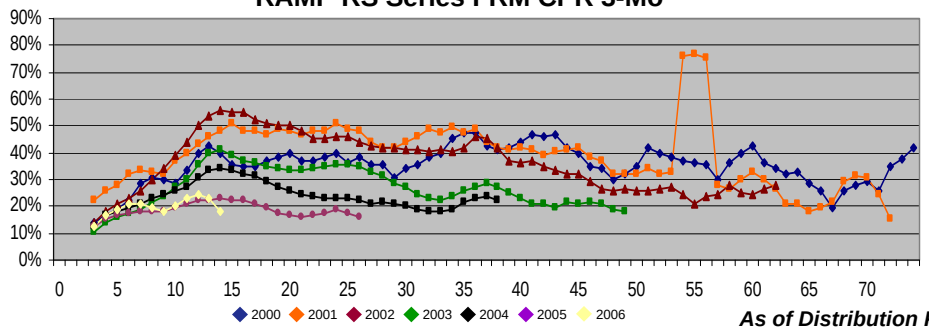
RAMP RS Series FRM Cum Net Loss % Orig Bal



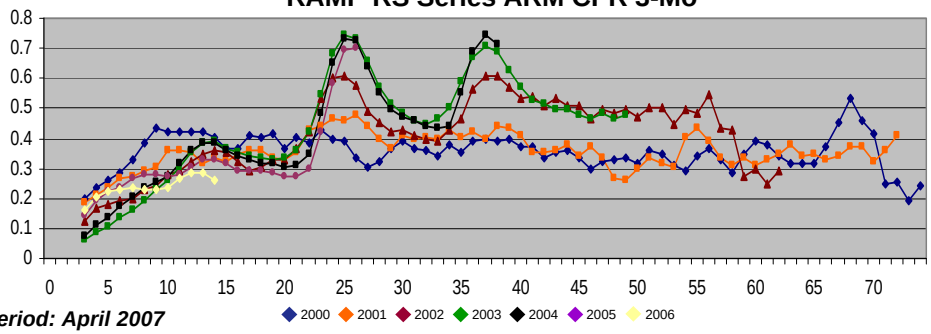
RAMP RS Series ARM Cum Net Loss % Orig Bal



RAMP RS Series FRM CPR 3-Mo



RAMP RS Series ARM CPR 3-Mo



As of Distribution Period: April 2007

RAMP Credit Policy Changes

Negotiated Conduit Asset – NCA (RAMP RS) Eliminated Criteria

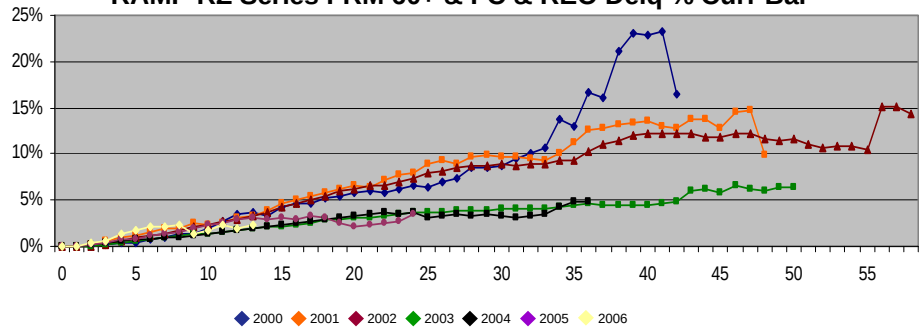
- All negotiated criteria with clients was put on hold

High LTV (RAMP RZ) Eliminated Criteria

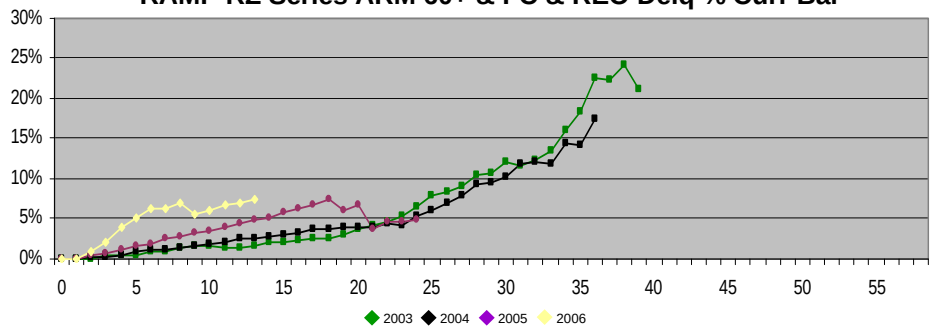
- Full Doc > 95% LTV (including 107% LTV program)
- All negotiated criteria was put on hold

RAMP RZ Series Performance Summary

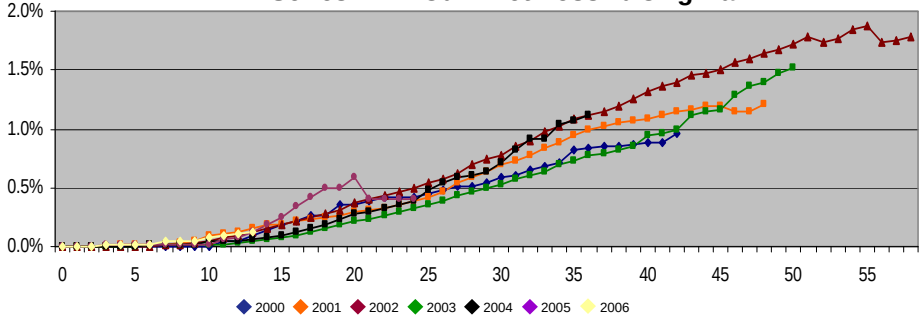
RAMP RZ Series FRM 60+ & FC & REO Delq % Curr Bal



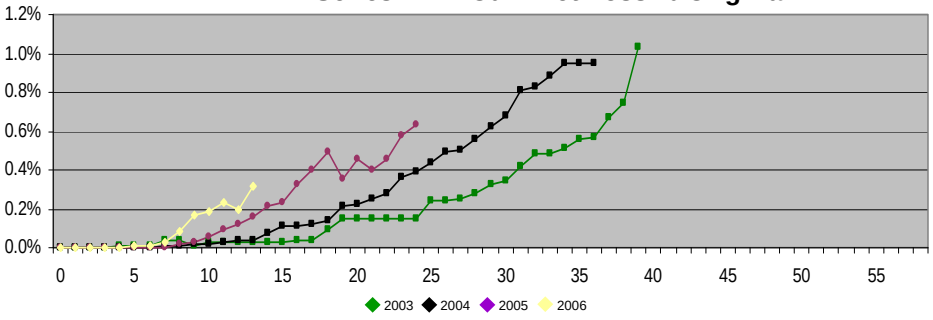
RAMP RZ Series ARM 60+ & FC & REO Delq % Curr Bal



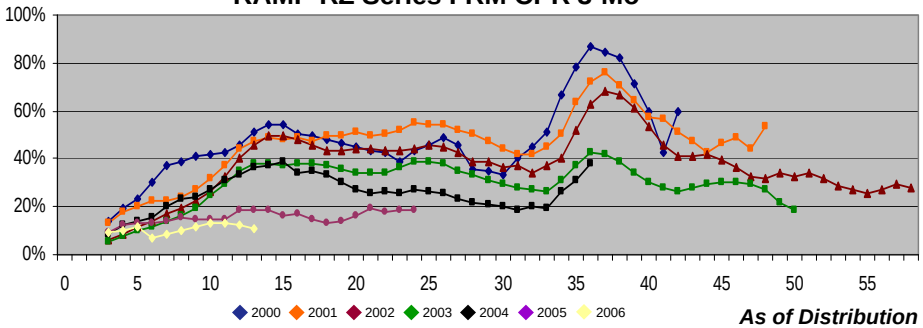
RAMP RZ Series FRM Cum Net Loss % Orig Bal



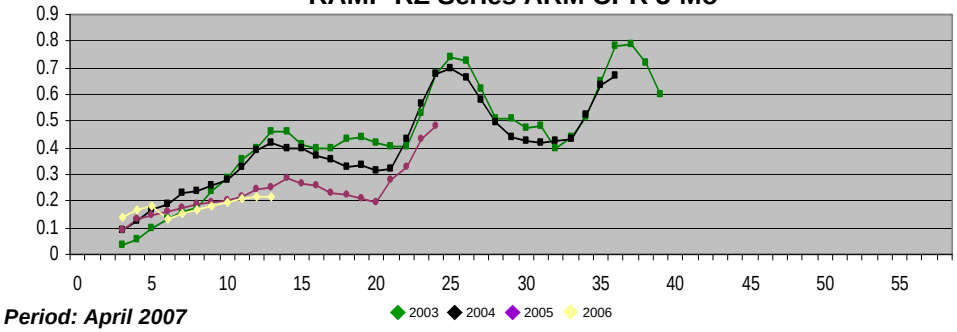
RAMP RZ Series ARM Cum Net Loss % Orig Bal



RAMP RZ Series FRM CPR 3-Mo



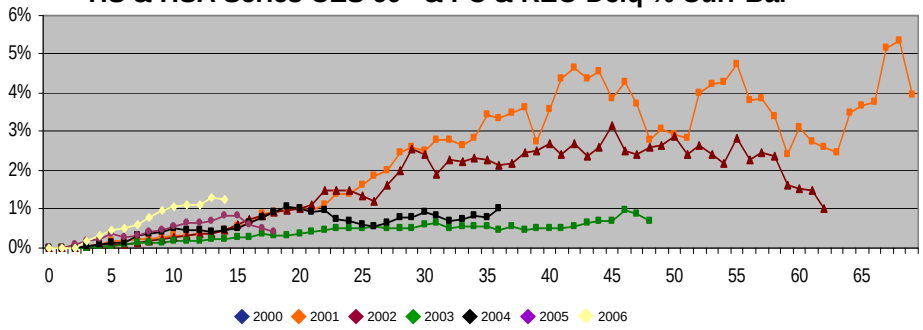
RAMP RZ Series ARM CPR 3-Mo



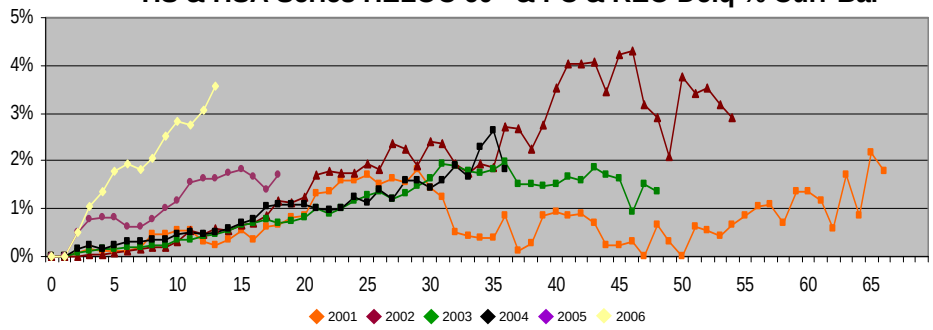
As of Distribution Period: April 2007

RFMSII CES & HELOC Performance Summary

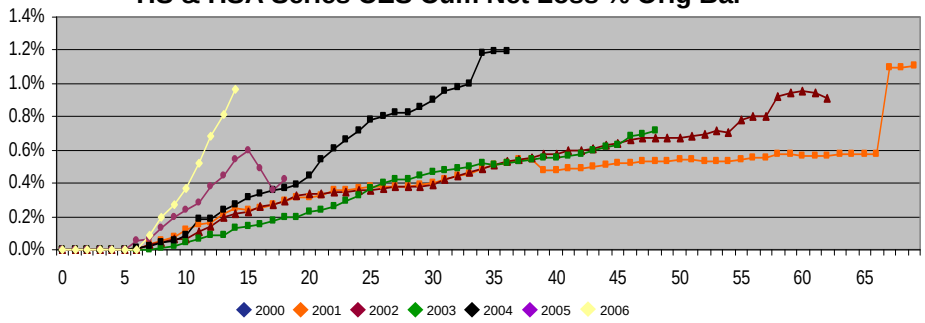
HS & HSA Series CES 60+ & FC & REO Delq % Curr Bal



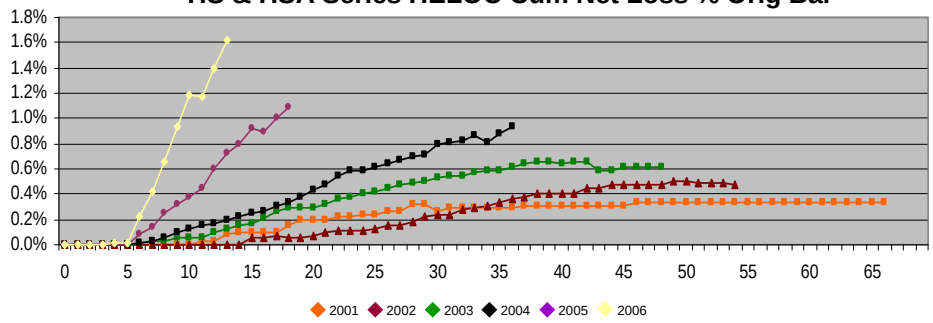
HS & HSA Series HELOC 60+ & FC & REO Delq % Curr Bal



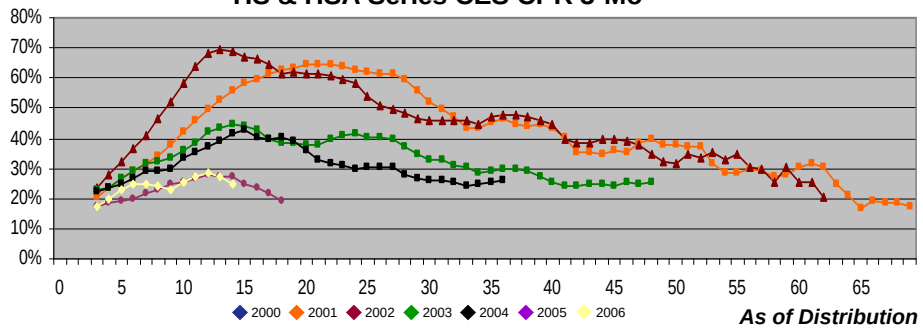
HS & HSA Series CES Cum Net Loss % Orig Bal



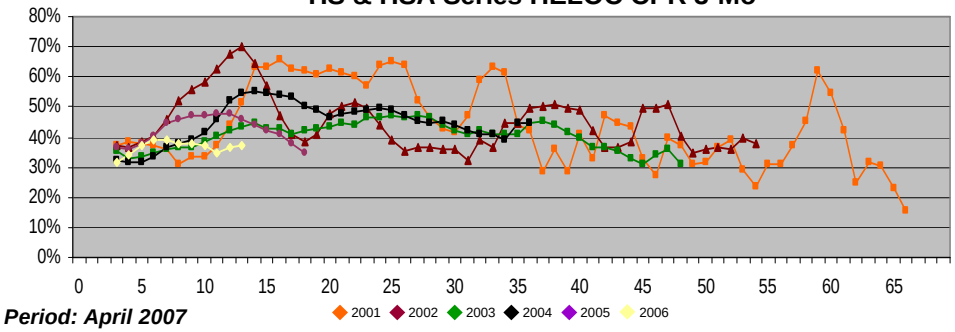
HS & HSA Series HELOC Cum Net Loss % Orig Bal



HS & HSA Series CES CPR 3-Mo

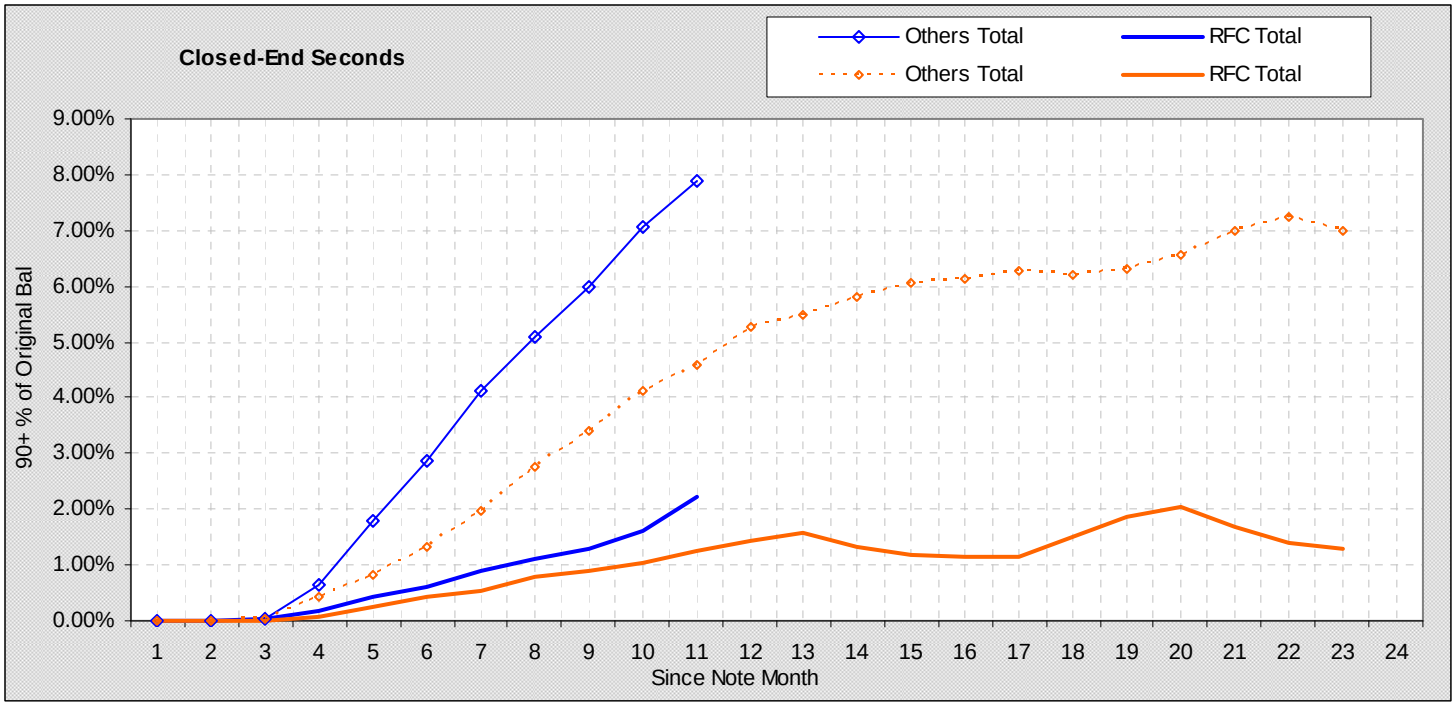


HS & HSA Series HELOC CPR 3-Mo



As of Distribution Period: April 2007

Performance Summary – Prime CES Products



Source: Loan Performance December 2006

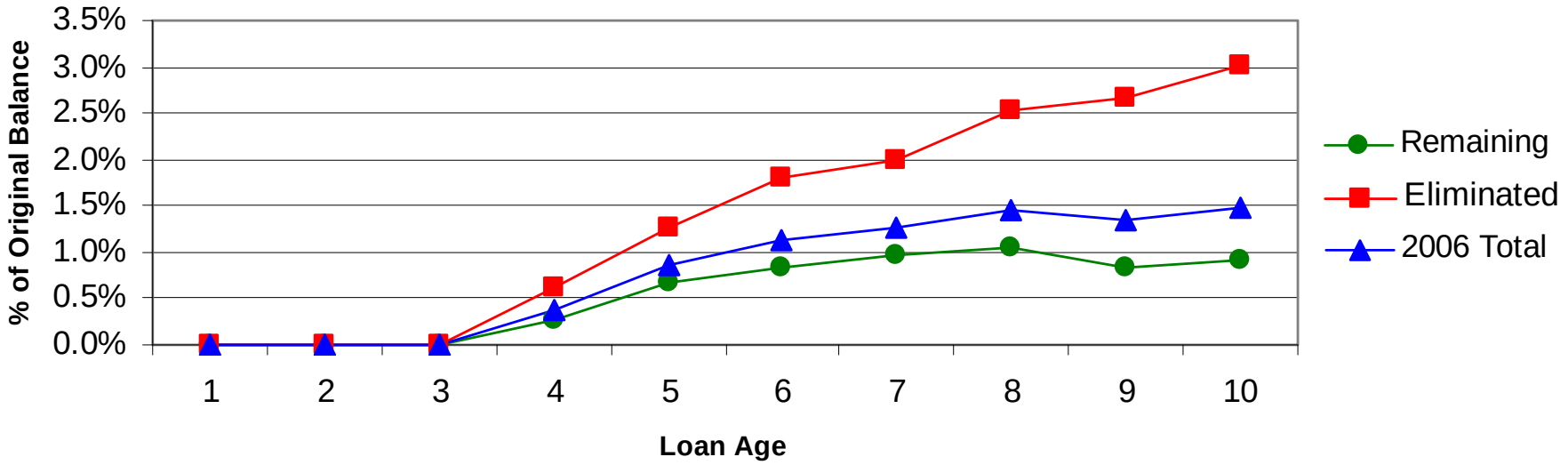
Prime Seconds Credit Policy Changes (RFMSII)

Prime Seconds eliminated criteria:

- Loans with CLTV's >95% for the following segments:
  - Full Doc with FICO's between 640-659 (new max 95%)
  - Full Doc with FICO's between 620-639 (new max 90%)
  - Stated Doc with FICO's > 680 (new max 95%)
  - Stated Doc with FICO's between 660-679 (new max 90%)
  - Non-Owner Occupied with FICO's > 680 (new max 90%)
- All Stated Doc loans with FICO's <660
- All No Ratio/NINA/No Doc loans
- All Stated Property Value loans

Seconds Credit Tightening – Performance Impact

Second Lien 2006 Vintage 90+ Delinquency

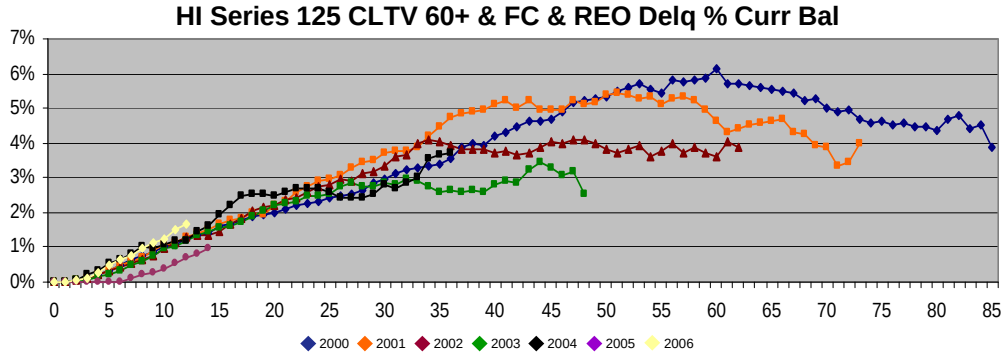


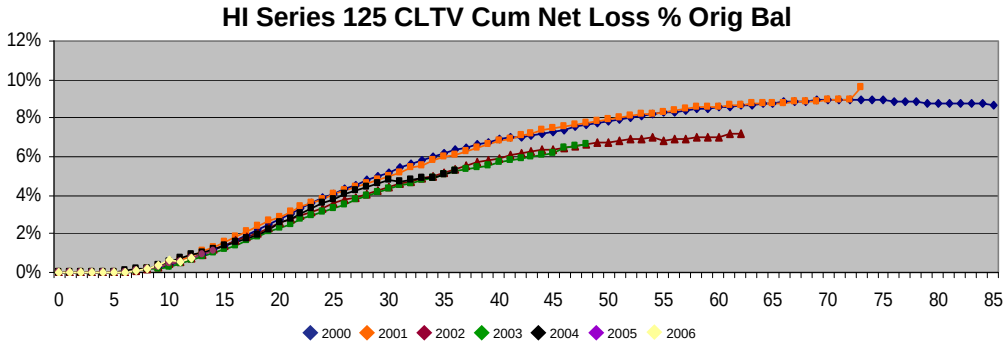
2006 Second Liens

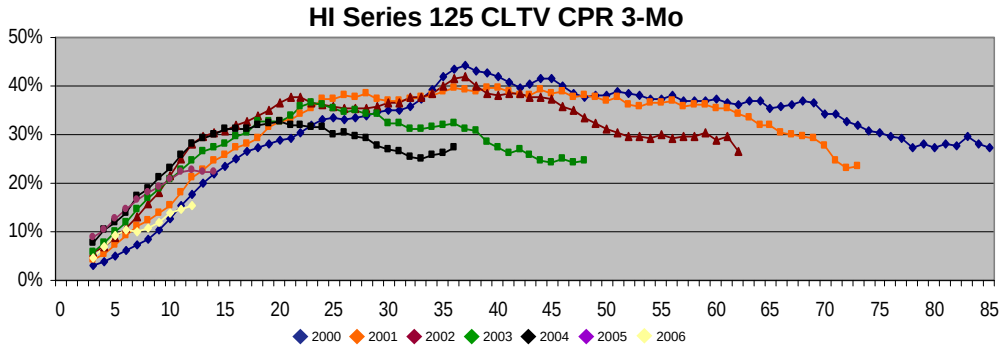
	Eliminated Volume	Remaining Volume	2006 Total
Purchase Balance	$3,050,214,201	$5,707,146,954	$8,757,361,156
% of Volume	35%	65%	100.00%
Weighted Average FICO	685	719	707
Weighted Average LTV	NA	NA	NA
Weighted Average CLTV	94	90	91
Reduced Income Doc %	87%	43%	57%
Actual EPD Rate	1.29%	0.37%	0.68%

EPD defined as 60+ delinquency at month four of the loan. Excludes GMAC Residential.

RFMSII HI Series 125 CLTV Performance Summary







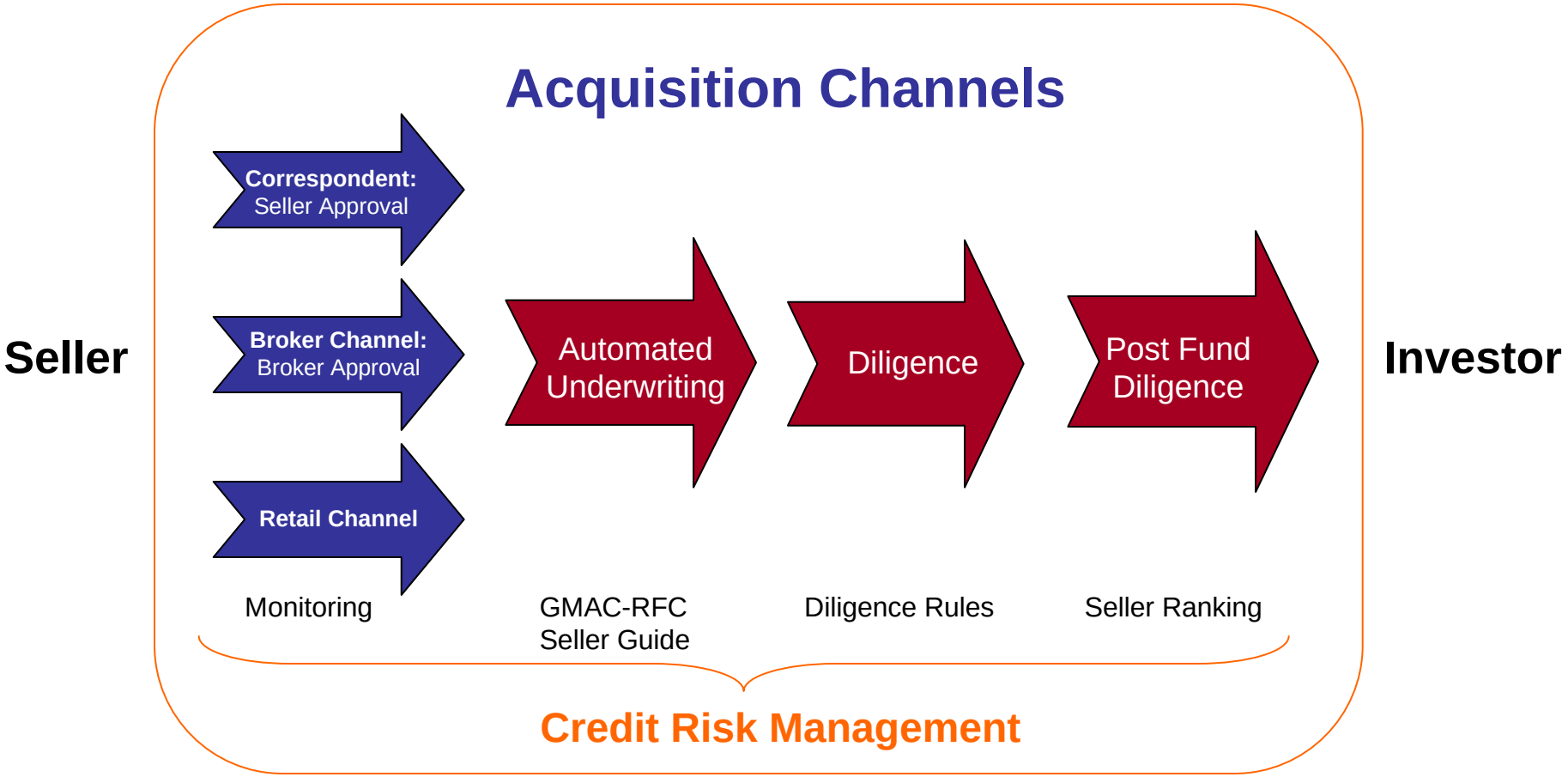
As of Distribution Period: April 2007

U.S. Residential Finance Group
Loan Origination

GMAC RFC

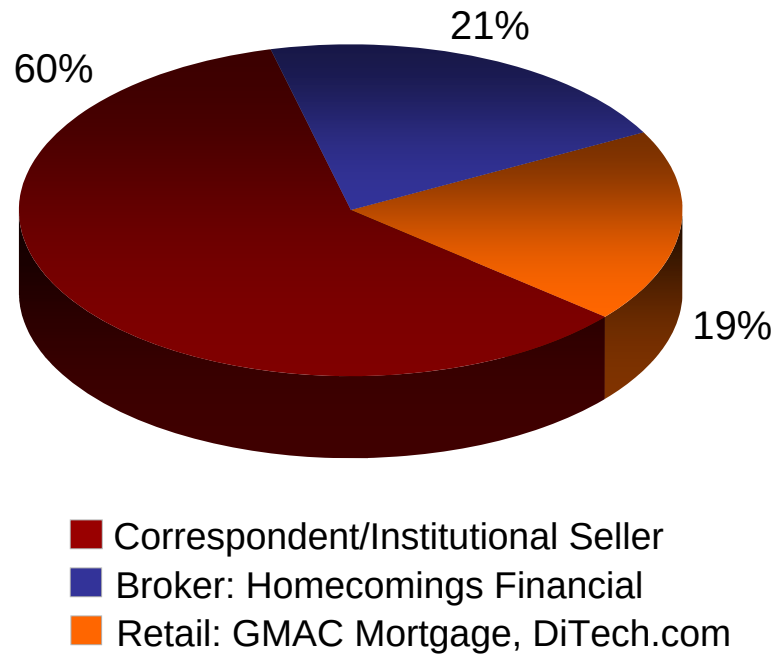


Loan Acquisition Process



Loan Origination Channels

2007 RFG Funding Volume by Channel



As of March 31, 2007

Broker Channel

Affiliated Broker Channel - Homecomings Financial

- **Broker approval process**
  - Broker application package, licensing checks , public data search
- **Broker monitoring process**
  - Recertification every two years and at license expiration
  - Broker early payment default monitoring
  - Performance monitoring by Credit Risk Management
- **Brokers must use our automated credit decisioning engine (Assetwise)**
- **Underwriting completed by Homecomings Financial**

Correspondent/Institutional Channel

Seller Risk Management

- **Seller approval process**
- **Ongoing seller monitoring process and watch committee**
- **Factors used in seller monitoring:**
  - Financial performance
  - Operational performance
  - Loan performance
  - Warehouse lending collateral quality
  - Repurchases
  - Compliance/responsible lending issues

Correspondent/Institutional Channel

Loan diligence is specific to the product type, the risk of the asset and the acquisition channel

- **The automated underwriting engines refer loans for manual diligence**
  - Review is focused to credit, appraisal or both
  - Riskier loan attributes or combinations of attributes
  - Driven by credit models and seller ranking
  - Automated Valuation Model (AVM) Platform - AVM variances
  - MSA ranking relating to economic and home price appreciation outlook
  - Fraud detection tools
  - Fraud zip codes flagged as high risk
  - Income verification tools
  - Proprietary regulatory compliance tool

Credit Risk Management – Post Fund Audit

- **Post Fund Quality Audit**
  - Target audit of loans or sellers that are performing outside of expectations (including LPMI claim denials)
  - Random audit of loans to ensure internal quality control processes are effective
  - Early payment defaults – 100% review
- **Post Fund Fraud Investigation**
  - Identifies the zip code areas with high occurrence of fraud in order to flag loans for additional up front diligence
  - Tracks and publishes watch list

Credit Risk Management – Post Fund Audit

- **All early payment default (EPD) loans are reviewed**
  - Defined as loans that are 90 days delinquent in the first 6 months from First Payment Date, or in foreclosure, or 120 days delinquent within 9 months from First Payment Date for RASC and RAMP products
  - Defined as loans that are 90 days delinquent in the first 12 months from Funding Date, or in foreclosure within 36 months from Funding Date for RFMSI and RALI products
  - Defined as loans that are 90 days delinquent in the first 6 months from First Payment Date, or in foreclosure, or 120 days delinquent within 12 months from Funding Date for RFMSII products
- **Most prevalent issues**
  - Income/employment misrepresentation
  - Occupancy misrepresentation
  - Issues with appraised value

Credit Risk Management

- **Credit Policy**
  - Underwriting guidelines
  - Credit and appraisal diligence rules
  - Automated underwriting engines

- **Performance Analytics**
  - Measurement and communication of asset performance
  - Product, channel, seller and loan cohort level
  - Monitor early delinquency trends
  - Compare actual versus expected

Servicing

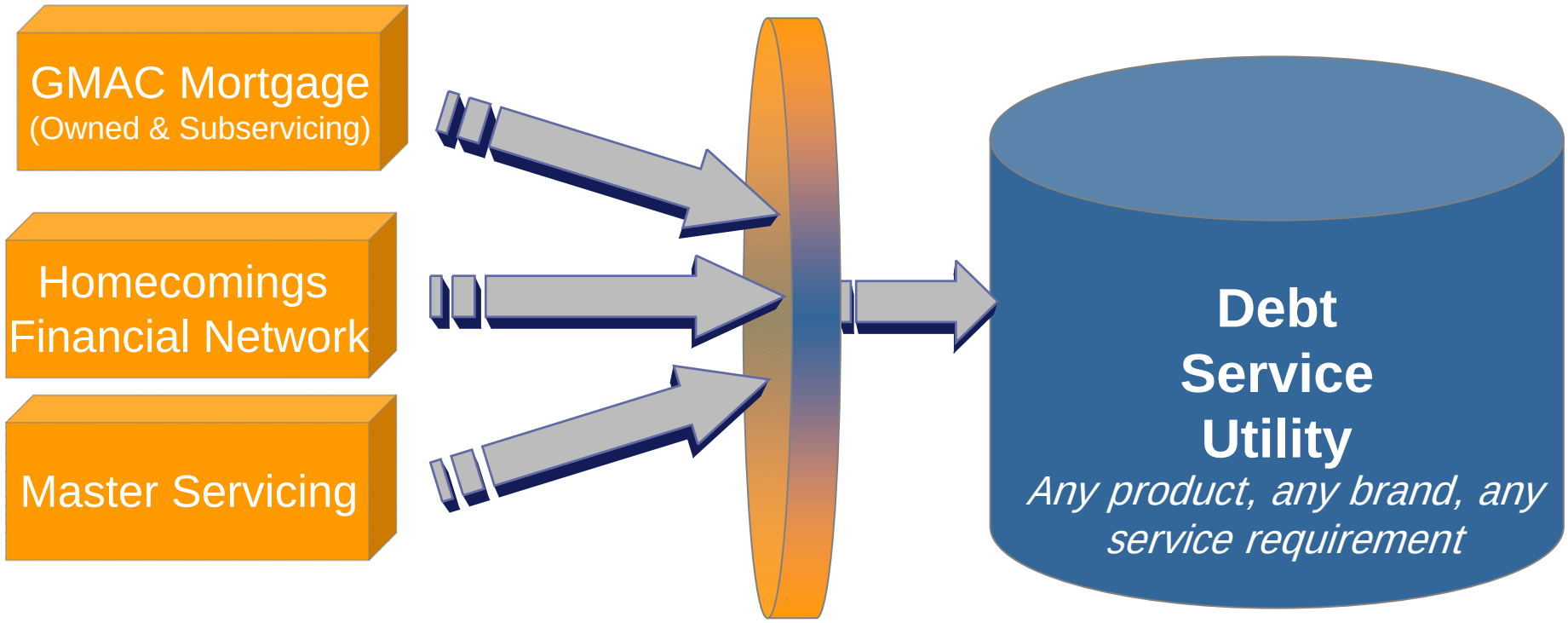
GMAC RFC







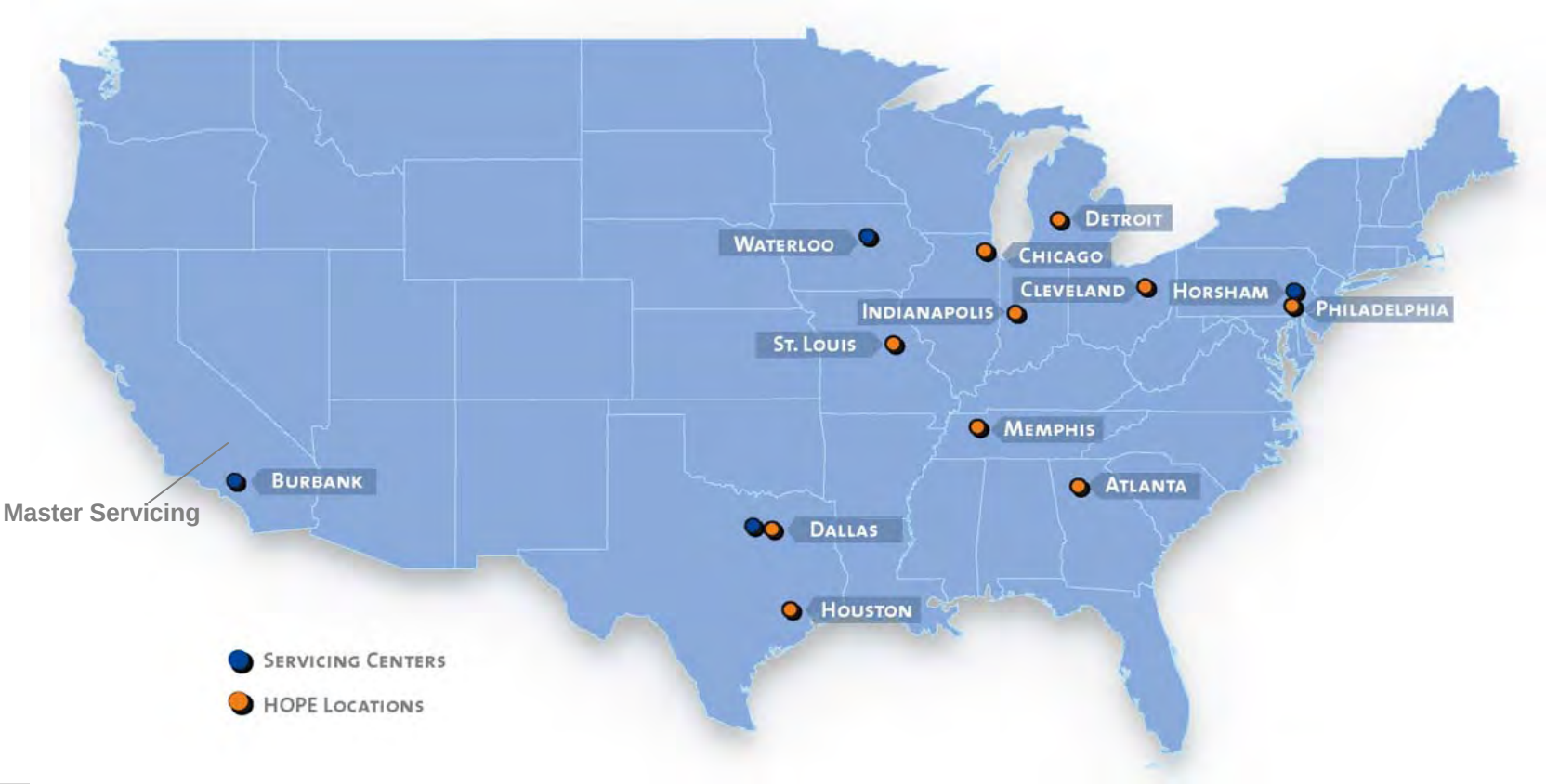
Debt Service Utility "DSU"



- ✓ Common Management
- ✓ Common Systems
- ✓ All Brands/Products
- ✓ Asset Performance Focus
- ✓ Lowest Cost/Highly Flexible

Primary Servicing

- **Portfolio size - $482 billion representing over 3.5 million loans**
- **Primary servicing headcount - over 2,000**
- **Homecomings established the first HOPE city (Chicago) in 2003**



Primary Servicing



Manila, Philippines
ICT – 263 FTE

Mexico City, Mexico
ICT – 46 FTE

Guatemala City, Guatemala
ACS – 22 FTE

Montego Bay, Jamaica
ACS – 67 FTE

Master Servicing

Master Servicing – GMAC RFC

- **Portfolio consists of $158.2B representing 944,190 loans**
- **Highly rated master servicer**
  - Qualifies and monitors our servicers
  - Administers securitizations
  - Collects and reconciles cash from primary servicers

As of March 31, 2007

Servicer Ratings

Highly rated servicing platforms

Homecomings	Fitch	S&P	Moody's
Prime	RPS1	Strong	SQ1
Alt A	RPS1	Strong	SQ1
Subprime	RPS1	Strong	SQ2+
High LTV /Home Equity	RPS1	Strong	SQ1
Special Servicing	RSS1	NA	SQ2+

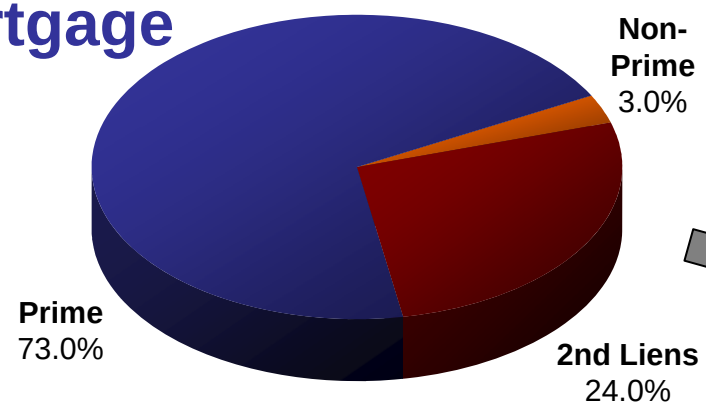
GMAC Mortgage	Fitch	S&P	Moody's
Prime	RPS1	Strong	NA
Alt A	RPS1	Strong	NA
Subprime	RPS1	Above Average	NA
High LTV /Home Equity	RPS1	Strong	NA
Subservicing	RSS1	NA	NA
Special Servicing	RSS1	Above Average	NA

GMAC RFC	Fitch	S&P	Moody's
Master Servicing	RMS1	Strong	SQ1

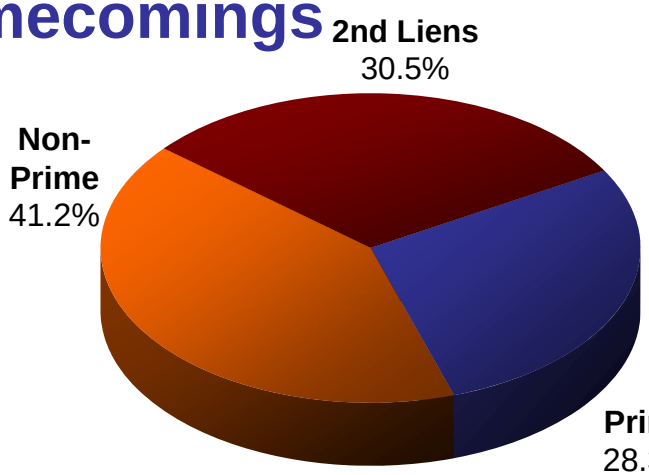
Ratings as of May 31, 2007. Fitch: RPS (primary), RMS (master), RSS (special): 1 (full approval with superior overall performance), 2 (full approval with noted strengths), 3 (full approval), 4 (qualified approval) and 5 (conditional approval). S&P: Strong, Above Average, Average, Below Average, Weak. Moody's: SQ1 (Strong) to SQ5 (Weak).

Primary Servicing Portfolio Composition

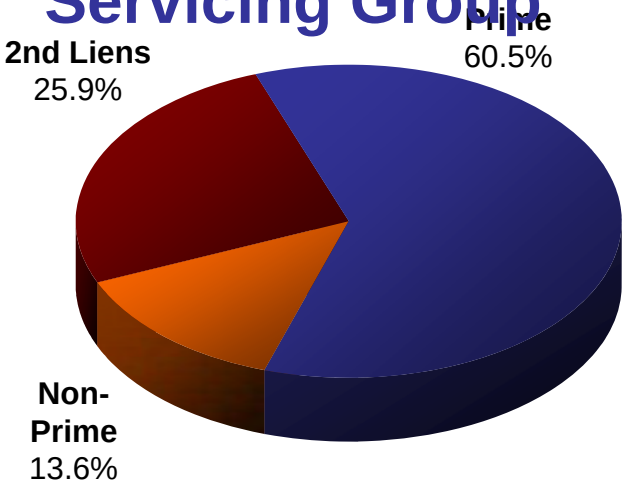
GMAC Mortgage



Homecomings

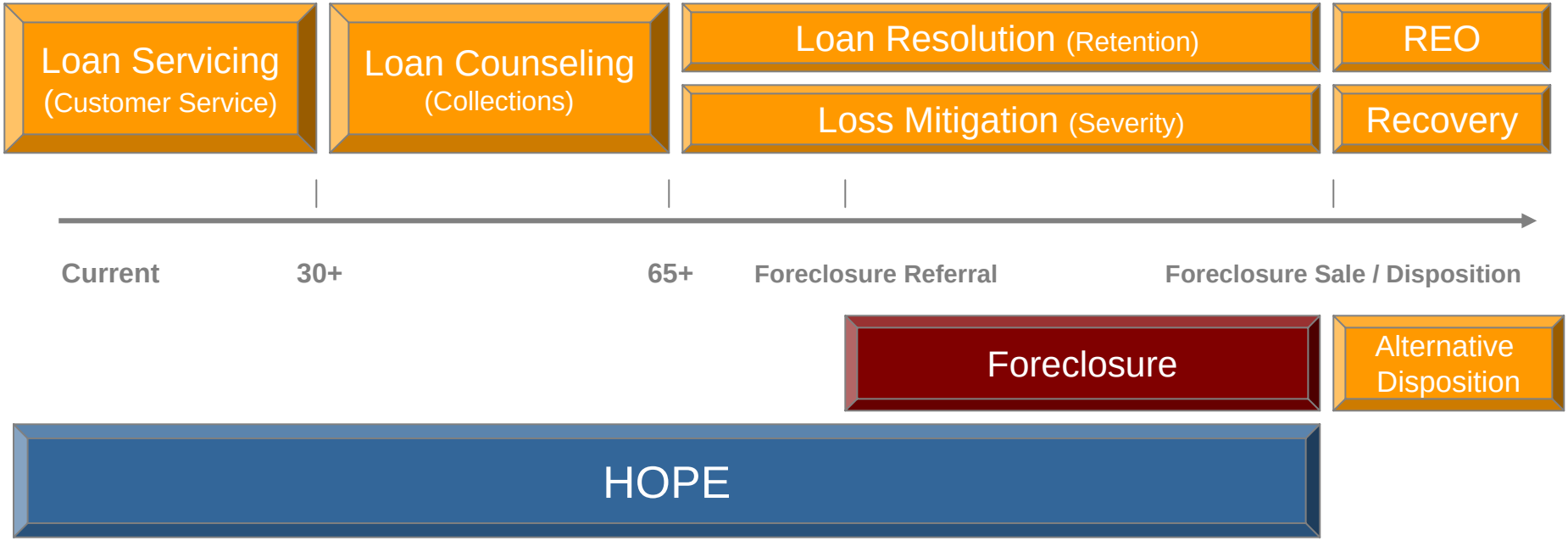


Combined Enterprise Servicing Group



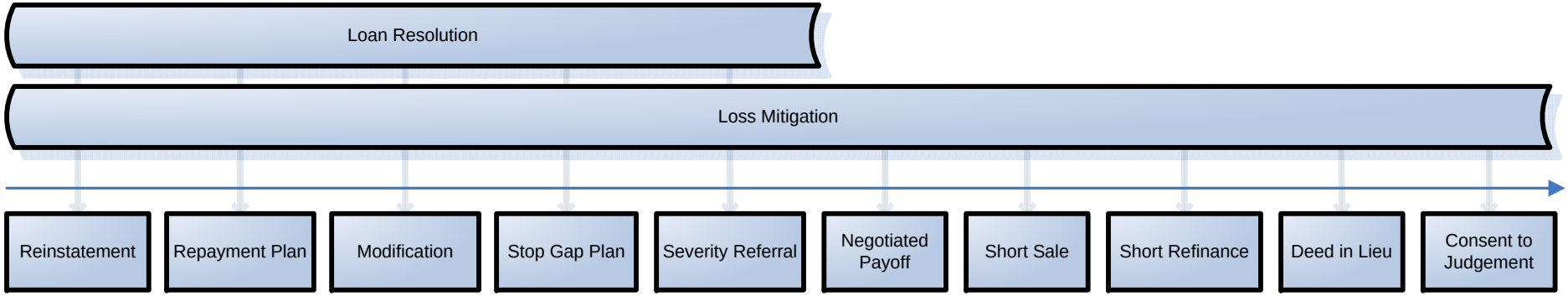
As of March 31, 2007

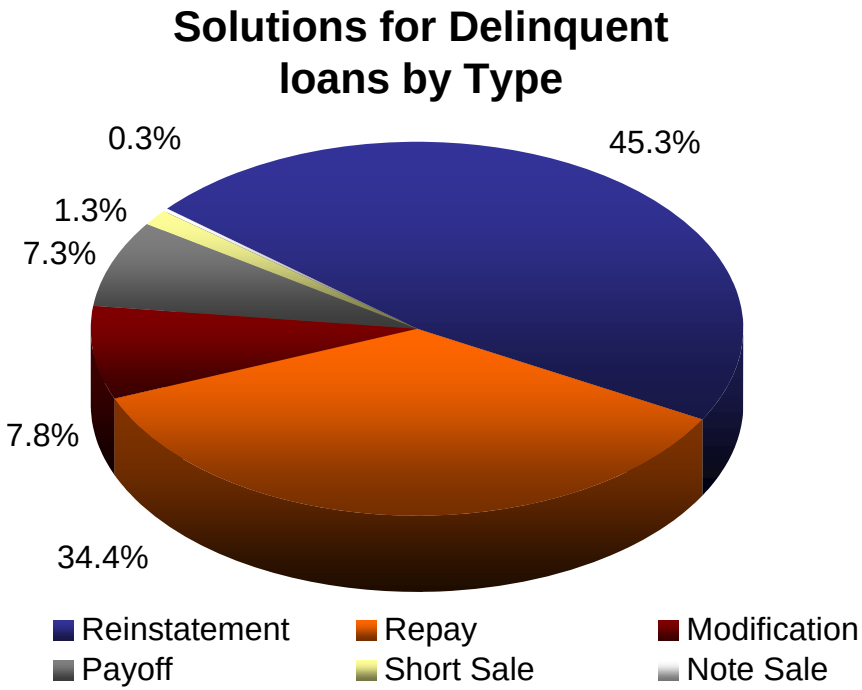
Servicing Strategies



- Servicing applies a decision waterfall to offer the best options based on borrower capacity and willingness, market condition, and severity of loss
- Asset level decisions base on the homeowner's willingness and ability to pay
- Loan resolution, Loss mitigation and REO portfolios are assigned by region, which allows associates to leverage local market intelligence
- Educational campaigns are targeted at borrowers with ARM resets and Payment Option Loans
- The HOPE group is utilized in challenging local markets

Loan Resolution and Loss Mitigation





As of March 31, 2007

Primary Servicing Modification Program

- **Modification Process**
  - Modification programs are being utilized to target loans with a high probability of loss and takes in consideration the borrower's capacity, willingness and the economics of the decision
  - All permanent modifications go through a 3-6 month trail modification to test the capacity of the borrower
  - Updated borrower financial, income and credit bureau data is obtained
  - Updated property value is obtained
  - All modified accounts are setup with escrow
- **The modifications programs and limits are disclosed in the prospectus supplement**
- **Loan level modification detail can be found on the distribution statements and Vision website**

Modification Types – 1st Lien

	Trial Modification	Temporary Interest Reduction	Permanent Interest Rate Reduction	Debt Forgiveness	Term Extension	Capitalization	Other Modification Types
Overview	Used to test borrowers capacity and desire. Upon successful completion of the trial modification borrower may be eligible for a permanent modification based on their financial situation.	Used to bring the account current over time through temporary interest rate adjustment.	Used to help borrowers who are unable to pay at the current rate or upcoming rate adjustment.	Currently used in unique situations	Rarely used on the 1st lien portfolio due to the limitation of the term extension.	Used to cure default after a borrower successfully demonstrated their ability to make consistent payments and the hardship has ended.	Combination of the previous modification types can be used when the other options do not fit borrower's needs.
Length:	3-6 months	Not to exceed 24 months	N/A	N/A	Up to deal maturity	N/A	0 to 6 months
Hardship Type:	Temporary	Temporary	Permanent	Permanent	Temporary	Temporary	Temporary / Permanent

Modification Types – 2nd Lien

	Trial Modifications	Permanent Interest Rate Reduction	Term Extension	Other Modification Types
Overview:	borrowers capacity and desire. Upon successful completion of the trial modification borrower may be eligible for debt forgiveness combined with either Permanent Interest Rate Reduction or Term Extension.	Utilized for homeowners that have at least ½ of the Delinquent interest available for interest only down payment and do not have sufficient capacity to sustain original monthly P&I on a go-forward basis.	Mainly used in conjunction with other modification types. Utilized when a homeowner can not sustain monthly P&I and the deal maturity date allows for extension.	Combination of the previous three modification types can be used when the other options do not fit borrower's needs.
Length:	3 to 6 months	N/A	Up to deal maturity	0 to 6 months
Hardship Type:	Temporary / Permanent	Permanent	Permanent	Temporary / Permanent

RAAC
(Seasoned Program)

GMAC RFC



RAAC Securitization Programs

RAAC purchases, manages, and securitizes performing through non-performing assets

- **RAAC-SP:** Primarily seasoned performing loans with a low loss profile. Categorizing collateral into Prime, Alt-A, Insured, A-, and Subprime buckets allows for each deal to differ in composition while performance can be more easily explained.
- **RAAC-RP*:** Seasoned performing loans with a relatively higher previous delinquency profile, plus sub and re-performing loans. Evaluation is based heavily on cash flow velocities, BPO LTV's, and updated credit scores. Issued as 144A securities to qualified institutional buyers.
- **Product acquired through:**
  - Portfolio sales
  - Securitization & loan sale fall-out
  - Called MBS and ABS transactions (GMAC-RFC and 3rd party)
  - Mergers and Acquisitions
  - Government Agency auctions
  - Business closures

Prior to 2004, all RP deals were issued under the RAMP RFSC shelf.

RAAC SP Series Credit Class

Collateral categorized as prime, alt-A, insured, A-, and subprime to allow performance to be explained while composition differs

Credit Class	Prime	Alt-A	Insured	A-	Subprime
2004-SP1	45.5%	23.4%	1.7%	15.5%	13.9%
2004-SP2	93.8%	4.0%	0.0%	0.0%	2.2%
2004-SP3	67.8%	13.2%	5.7%	4.8%	8.5%
2005-SP1	95.5%	4.5%	0.0%	0.0%	0.0%
2005-SP2	46.2%	11.3%	2.9%	9.9%	29.6%
2005-SP3	45.5%	22.0%	1.3%	17.5%	13.8%
2006-SP1	37.0%	27.0%	0.1%	25.3%	10.5%
2006-SP2	44.3%	27.9%	1.1%	26.5%	0.1%
2006-SP3	55.9%	27.0%	0.6%	16.5%	0.0%
2006-SP4	51.4%	26.4%	0.6%	19.4%	2.2%
2007-SP1	68.1%	23.3%	0.8%	7.8%	0.0%

All loans in RAAC-SP deals are categorized as follows:

- **Prime:** FICO ≥660 , no 30 day delinquencies in prior 12 months
- **Alt-A:** Not “Prime”; FICO≥620, max of two 30 day delinquencies in prior 12 months
- **Insured:** Not “Prime” or “Alt-A”; borrower paid PMI or insured by FHA
- **A-:** Not “Prime”, “Alt-A” or “Insured”; FICO ≥580, no delinquencies > 60 days in prior 12 months
- **Subprime:** Not “Prime”, “Alt-A”, “Insured” or “A-”

Information through April 30, 2007. Credit Class indicates Notional Credit Class as noted in the Prospectus Supplement.

Company Websites

ResCap and the business segments maintain multiple websites to provide a variety of company and securities issuance information to our secured and unsecured investors

Company	Web Address	Information on site
RESCAP	www.rescapholdings.com	• Company overview • Leadership team • Segments & site links • SEC Filings & Financials • Presentations • Press releases
GMAC RFC	www.gmacrfc.com (click on Institutional Investors on left of page to enter issuance section)	• Company and issuance • Deal documents • Collateral and performance information • Loan level (U.S. only) • Analytical Tool (U.S. only)
	www.gmacrfcstaticpool.com	• Reg AB static pool data
GMAC Mortgage	www.gmacmortgage.com www.gmacmbond.com	• Company information • Deal level collateral and performance information
	http://staticpool.gmacm.com	• Reg AB static pool data

Please call 877.977.3863 for additional information regarding these websites.

Vintage Collateral

GMAC RFC



RFMSI Collateral Profile

Series Name	S			SA		
Vintage Year	2005	2006	2007	2005	2006	2007
Principal Balance ($mm)	$2,828	$6,800	$1,884	$2,677	$1,700	$696
WA Gross Coupon	5.8446%	6.5433%	6.4089%	5.4273%	6.2347%	6.1873%
Principal Balance Average	$450,632	$495,186	$492,030	$376,719	$449,965	$491,767
WA FICO	742	739	736	739	738	739
WA LTV Pct	68%	70%	70%	72%	72%	71%
WA CLTV	70%	73%	26%	77%	77%	76%
California %	31.86%	33.93%	36.53%	34.41%	40.26%	43.82%
% with Borrower Paid MI	1.80%	2.16%	2.59%	1.68%	1.67%	1.95%
DTI %	34.47%	36.89%	36.76%	35.10%	37.71%	36.63%
% with silent seconds*	21.00%	23.40%	30.90%	37.03%	36.05%	37.99%
% ARM	-	-	-	100.00%	100.00%	100.00%
% with prepay penalty	3.83%	3.05%	0.92%	3.47%	4.42%	4.70%
Reduced Documentation %	21.99%	32.55%	38.22%	29.22%	35.98%	43.00%
RD WA FICO	742	741	739	740	739	743
RD WA LTV	63.28%	66.39%	66.71%	69.35%	70.02%	69.52%
IO %	19.01%	26.62%	32.90%	83.95%	87.29%	89.29%
IO WA FICO	742	739	738	739	737	737
IO WA LTV	69.67%	71.31%	70.65%	72.16%	72.12%	71.05%
IO Reduced Doc%	21.15%	37.45%	40.51%	29.54%	37.10%	43.54%
Non-Owner Occupied %	0.05%	-	-	-	-	-
NOO WA FICO	727	-	-	-	-	-
NOO WA LTV	65.74%	-	-	-	-	-
% 40 Year Term	-	1.16%	0.87%	-	-	0.12%
% 2nd liens	-	-	-	-	-	-

As of April 30, 2007

RALI QS and QA Collateral Profile

Series Name	QS			QA		
Vintage Year	2005	2006	2007	2005	2006	2007
Principal Balance ($mm)	$6,102	$12,759	$4,794	$6,380	$5,554	$1,673
WA Gross Coupon	6.3808%	7.1288%	6.8968%	5.8112%	6.8490%	6.8582%
Principal Balance Average	$198,682	$224,499	$251,096	$263,023	$313,278	$338,398
WA FICO	721	711	707	719	712	708
WA LTV Pct	75%	75%	74%	77%	76%	77%
WA CLTV	79%	82%	47%	85%	86%	66%
California %	22.21%	18.83%	18.14%	34.36%	36.54%	35.33%
% with Borrower Paid MI	12.55%	6.25%	5.05%	5.45%	2.24%	1.61%
DTI %	27.34%	27.57%	28.20%	31.31%	31.96%	31.31%
% with silent seconds*	23.00%	40.66%	50.02%	51.00%	57.28%	69.31%
% ARM	-	-	-	100.00%	100.00%	100.00%
% with prepay penalty	6.43%	6.24%	5.81%	17.83%	22.53%	26.59%
Reduced Documentation %	65.82%	75.54%	75.75%	66.17%	78.41%	81.26%
RD WA FICO	722	711	707	722	712	706
RD WA LTV	73.66%	73.86%	72.73%	75.90%	75.74%	76.51%
IO %	21.27%	39.66%	44.99%	84.24%	86.83%	87.37%
IO WA FICO	722	710	707	719	712	707
IO WA LTV	74.78%	75.92%	74.85%	76.84%	76.51%	76.75%
IO Reduced Doc%	59.05%	76.04%	74.10%	65.41%	78.27%	80.77%
Non-Owner Occupied %	19.42%	19.60%	16.11%	14.81%	13.93%	13.41%
NOO WA FICO	727	726	725	734	731	730
NOO WA LTV	74.80%	73.63%	72.02%	73.13%	73.16%	74.99%
% 40 Year Term	-	0.48%	1.39%	-	0.21%	1.73%
% 2nd liens	-	-	-	-	-	-

As of April 30, 2007

RALI QO and QH Collateral Profile

Series Name	QO			QH	
Vintage Year	2005	2006	2007	2006	2007
Principal Balance ($mm)	$3,709	$10,101	$1,463	$340	$1,627
WA Gross Coupon	3.6033%	4.8123%	6.0989%	7.3900%	7.2617%
Principal Balance Average	$339,673	$347,699	$365,364	$389,129	$378,964
WA FICO	704	702	702	713	714
WA LTV Pct	74%	75%	75%	74%	73%
WA CLTV	76%	79%	80%	77%	34%
California %	62.03%	61.67%	57.76%	69.80%	59.99%
% with Borrower Paid MI	6.03%	4.83%	4.90%	4.86%	3.51%
DTI %	36.49%	36.91%	36.93%	38.82%	37.27%
% with silent seconds*	28.00%	41.87%	48.03%	32.77%	39.16%
% ARM	100.00%	100.00%	100.00%	100.00%	100.00%
% with prepay penalty	78.77%	92.15%	84.11%	86.96%	82.93%
Reduced Documentation %	83.67%	91.05%	94.25%	88.48%	88.75%
RD WA FICO	705	701	700	711	713
RD WA LTV	73.99%	74.59%	74.61%	73.85%	73.29%
IO %	-	-	-	-	-
IO WA FICO	-	-	-	712	-
IO WA LTV	-	-	-	1	-
IO Reduced Doc%	-	-	-	100.00%	-
Non-Owner Occupied %	11.66%	8.29%	9.96%	5.85%	8.63%
NOO WA FICO	719	716	713	716	726
NOO WA LTV	74.47%	72.14%	73.14%	70.55%	70.06%
% 40 Year Term	-	28.65%	36.71%	-	0.80%
% 2nd liens	-	-	-	-	-

As of April 30, 2007

RASC SP Series – Deal History Summary

Feature at Issuance	2004-SP1	2004-SP2	2004-SP3	2005-SP1	2005-SP2	2005-SP3	2006-SP1	2006-SP2	2006-SP3	2006-SP4	2007-SP1
Principal Balance (mm)	$234	$145	$309	$831	$490	$289	$289	$361	$302	$309	$357
Loan Count	4,259	405	1,108	1,734	2,515	2,405	1,473	2,317	2,297	3,091	2,161
Avg. Principal Balance	$54,864	$358,341	$278,835	$479,234	$194,919	$120,343	$195,945	$155,937	$131,548	$100,073	$165,328
FRM %	65.40%	100.00%	46.28%	100.00%	28.46%	49.50%	18.49%	28.66%	36.48%	35.59%	51.99%
WA Gross Coupon	7.47%	6.81%	5.42%	5.79%	6.52%	7.70%	7.26%	7.64%	8.27%	8.59%	7.24%
WA Sched Remain Term Mth	205	275	329	341	318	308	346	330	324	283	318
WA FICO	680	721	698	753	685	659	644	662	673	672	696
Original WA LTV	76.42%	73.17%	72.36%	67.44%	75.21%	79.89%	80.06%	81.44%	83.77%	79.66%	78.19%
Current WA LTV	73.62%	72.02%	71.63%	66.82%	74.61%	79.41%	79.97%	81.37%	83.94%	79.61%	78.19%
WA Loan Age Mth	66	40	11	19	27	33	5	15	23	58	24
Primary Residence	92.30%	91.81%	87.95%	99.19%	87.23%	90.28%	91.82%	87.55%	87.73%	87.55%	83.65%
Second Lien %	6.99%	-	-	-	1.20%	1.62%	3.98%	5.00%	4.68%	4.73%	2.15%
CA %	17.96%	100.00%	6.55%	99.18%	80.53%	100.00%	100.00%	87.55%	20.16%	87.55%	15.60%
Interest-Only %	5.09%	-	30.27%	-	17.61%	10.89%	17.06%	26.68%	18.14%	12.69%	18.11%
Feature as of March 31, 2007	**2004-SP1**	**2004-SP2**	**2004-SP3**	**2005-SP1**	**2005-SP2**	**2005-SP3**	**2006-SP1**	**2006-SP2**	**2006-SP3**	**2006-SP4**	**2007-SP1**
Principal Balance (mm)	$92	$63	$182	$657	$309	$220	$229	$284	$272	$305	$357
WA Net Coupon	7.83%	6.76%	5.53%	5.74%	6.67%	7.75%	7.21%	7.76%	8.30%	8.56%	6.72%
30 Day Delq % Curr Bal	2.55%	0.00%	0.33%	0.00%	1.94%	2.16%	3.65%	3.28%	2.27%	1.76%	0.00%
60 Day Delq % Curr Bal	0.86%	0.00%	0.04%	0.00%	0.34%	0.86%	1.24%	1.64%	1.66%	0.00%	0.00%
90+ Day Delq % Curr Bal	1.27%	0.00%	0.65%	0.00%	2.19%	1.31%	1.40%	1.52%	0.62%	0.02%	0.00%
Foreclosure % Curr Bal	2.05%	0.68%	0.94%	0.00%	2.66%	3.51%	3.50%	2.05%	0.37%	0.00%	0.00%
REO % Curr Bal	0.63%	0.00%	0.08%	0.00%	0.98%	0.15%	1.51%	1.00%	0.00%	0.00%	0.00%
90+ & FC & REO Delq % Curr Bal	3.95%	0.68%	1.67%	0.00%	5.83%	4.97%	6.41%	4.56%	1.00%	0.02%	0.00%
CPR-Life	27.42%	26.90%	20.51%	12.42%	29.63%	22.80%	23.96%	29.74%	26.24%	12.81%	0.00%
Payment Velocity 30-Day	95.37%	93.98%	96.55%	98.70%	97.51%	93.84%	86.33%	90.19%	93.38%	102.46%	0.00%
Payment Velocity 90-Day	94.83%	98.17%	97.35%	99.14%	95.86%	93.94%	88.70%	91.23%	94.52%	0.00%	0.00%

As of April 30, 2007

RASC and RAMP Collateral Profile

Series Name	RZ			RS			KS		
Vintage Year	2005	2006	2007	2005	2006	2007	2005	2006	2007
Principal Balance	$1,315	$2,987	$340	$7,035	$4,440	$883	$9,061	$7,290	$3,008
WA Gross Coupon	7.5970%	8.5259%	8.6843%	7.1874%	7.7245%	7.7884%	7.4654%	8.3439%	8.5435%
Principal Balance Average	$141,093	$155,658	$178,748	$171,081	$200,843	$232,871	$148,692	$148,567	$163,102
WA FICO	700	672	671	663	667	680	617	619	618
WA LTV Pct	101%	100%	100%	89%	83%	85%	82%	82%	83%
WA CLTV	101%	100%	100%	91%	88%	40%	85%	87%	19%
California %	3.19%	3.28%	8.47%	13.37%	16.01%	16.28%	13.70%	12.25%	15.04%
% with Borrower Paid MI	2.02%	2.15%	0.46%	9.15%	7.18%	6.59%	-	-	-
DTI %	38.27%	39.95%	40.52%	34.44%	29.00%	30.21%	39.83%	41.09%	40.30%
% with silent seconds	-	-	-	15.42%	28.93%	41.93%	21.00%	26.90%	19.50%
% ARM	76.58%	76.91%	70.65%	77.67%	62.00%	38.62%	84.10%	79.05%	73.27%
% with prepay penalty	61.28%	75.01%	77.79%	58.19%	58.05%	35.42%	68.63%	72.37%	70.59%
Reduced Documentation %	18.03%	29.22%	35.25%	47.18%	67.38%	68.11%	34.10%	38.06%	42.83%
RD WA FICO	713	688	702	673	677	683	636	639	635
RD WA LTV	99.82%	99.49%	98.74%	84.21%	80.35%	81.53%	80.76%	81.33%	82.73%
IO %	4.12%	15.89%	20.62%	29.54%	49.37%	49.10%	13.83%	14.16%	12.76%
IO WA FICO	686	680	711	681	686	683	646	647	647
IO WA LTV	99.87%	99.25%	98.27%	82.93%	80.65%	81.26%	82.97%	81.97%	82.09%
IO Reduced Doc%	37.67%	57.08%	63.43%	62.88%	81.79%	81.35%	37.20%	37.38%	44.38%
Non-Owner Occupied %	21.93%	13.08%	13.69%	18.03%	22.68%	20.12%	4.96%	2.93%	4.40%
NOO WA FICO	739	738	734	710	702	713	645	645	640
NOO WA LTV	99.46%	99.03%	96.88%	87.27%	82.48%	85.13%	79.55%	77.19%	79.60%
% 40 Year Term	-	10.23%	23.55%	-	4.05%	7.49%	-	7.84%	19.05%
% 2nd liens	-	-	-	-	-	-	-	3.40%	4.11%

As of April 30, 2007

Single Seller Collateral Profile

Shelf	RASC			RAMP			
Series	EMX			NC		EFC	
Vintage Year	2005	2006	2007	2005	2006	2005	2006
Principal Balance	$ 3,056.97	$ 5,750.00	$749	$ 900.00	$ 1,830.00	$ 5,438.95	$ 1,010.00
WA Gross Coupon	7.180%	8.470%	8.6534%	7.608%	7.961%	6.986%	7.938%
Principal Balance Average	$ 153,109	$ 160,105	$184,900	$195,101	$ 193,222	$ 168,477	$ 159,558
WA FICO	626	621	616	624	625	632	629
WA LTV Pct	84.20%	83.90%	84%	80.50%	80.65%	84.71%	83.29%
WA CLTV	87.00%	91.00%	89%	81.00%	86.00%	87.00%	91.00%
California %	6.23%	5.58%	7.67%	33.03%	35.09%	13.75%	13.71%
% with Borrower Paid MI	-	-	0.00%	-	-	-	-
DTI %	39.41%	41.23%	40.67%	41.43%	41.72%	41.77%	41.09%
% with silent seconds*	24.00%	36.00%	27.91%	27.00%	29.62%	30.00%	28.31%
% ARM	78.80%	79.55%	75.68%	78.51%	78.17%	86.99%	78.80%
% with prepay penalty	64.85%	64.02%	67.56%	70.92%	73.61%	75.16%	69.31%
Reduced Documentation %	16.95%	37.17%	33.14%	39.46%	42.49%	24.83%	31.02%
RD WA FICO	656	638	629	647	641	653	650
RD WA LTV	82.40%	84.83%	84.14%	80.93%	80.94%	81.31%	82.64%
IO %	24.77%	13.86%	6.91%	26.76%	19.45%	26.25%	18.89%
IO WA FICO	649	643	640	651	649	655	652
IO WA LTV	81.69%	81.56%	81.87%	82.03%	81.29%	85.18%	82.85%
IO Reduced Doc%	26.09%	42.76%	24.43%	50.60%	43.33%	17.82%	22.89%
Non-Owner Occupied %	3.02%	2.27%	4.69%	7.55%	7.44%	2.13%	3.60%
NOO WA FICO	666	635	623	659	648	656	654
NOO WA LTV	83.30%	82.22%	83.07%	83.34%	83.83%	81.64%	80.75%
% 40 Year Term	0.12%	33.33%	50.97%	5.92%	21.54%	-	12.19%
% 2nd liens	-	11.14%	7.61%	-	2.61%	-	3.98%

As of April 30, 2007

RFMSII HS and HSA Collateral Profile

Series Name	HS HELOC		HSA HELOC			HS CES		HSA CES	
Vintage Year	2004	2005	2005	2006	2007	2004	2005	2005	2006
Principal Balance ($mm)	$720	$525	$101	$1,044	$547	$635.00	$900.00	$178.53	$763.77
WA Gross Coupon	3.7900%	6.7375%	7.6860%	8.2235%	9.1707%	7.680%	8.143%	9.204%	8.800%
Principal Balance Average	$39,816	$48,280	$56,190	$51,935	$57,652	$40,116	$44,176	$48,886	$47,861
WA FICO	719	720	718	711	701	717	723	718	717
WA CLTV Pct	90%	91%	90%	89%	87%	91.82%	92.75%	93.25%	93.15%
California %	21.03%	28.34%	47.48%	37.02%	37.04%	18.25%	11.80%	24.32%	19.50%
% with Borrower Paid MI	-	-	-	-	0.00%	-	-	-	-
DTI %	38.07%	39.15%	38.06%	37.35%	36.18%	37.58%	38.36%	35.45%	37.38%
% with silent seconds	-	-	-	-	0.00%	-	-	-	-
% ARM	100.00%	100.00%	100.00%	100.00%	100.00%	-	-	-	-
% with prepay penalty	0.10%	-	-	0.02%	0.00%	30.78%	11.79%	12.12%	10.32%
Reduced Documentation %	9.80%	32.52%	100.00%	60.60%	69.28%	4.38%	14.27%	84.88%	35.15%
RD WA FICO	723	722	718	711	701	719	722	715	715
RD WA CLTV	-	-	-	87.83%	86.45%	-	-	-	93.25%
IO %	-	28.40%	45.74%	56.01%	61.06%	-	8.47%	10.93%	12.23%
IO WA FICO	-	721	725	712	706	-	730	716	717
IO WA CLTV	-	91.73%	92.84%	89.87%	88.50%	-	93.56%	95.24%	94.03%
IO_REDUCED_DOC%	-	35.40%	100.00%	69.89%	74.30%	-	7.46%	94.79%	43.71%
Non-Owner Occupied %	1.43%	2.37%	0.09%	4.22%	3.56%	0.35%	2.19%	5.89%	4.55%
NOO_WA_FICO	737	735	661	729	729	720	731	719	725
NOO_WA_LTV	88.28%	87.41%	90.00%	90.00%	91.31%	88.22%	91.12%	90.63%	91.30%

As of April 30, 2007

RFMSII HI Series Collateral Profile

Series Name	HI CLTV		
Vintage Year	2005	2006	2007
Principal Balance	$705	$1,204	$258
WA Gross Coupon	11.6790%	12.2534%	12.5783%
Principal Balance Average	$43,054	$48,401	$49,803
WA FICO	700	699	702
WA CLTV Pct	118%	116%	117%
California %	0.79%	2.01%	2.05%
% with Borrower Paid MI	-	-	0.00%
DTI %	38.95%	40.23%	40.61%
% with silent seconds	-	-	0.00%
% ARM	-	-	0.00%
% with prepay penalty	36.67%	42.29%	37.74%
Reduced Documentation %	0.16%	2.36%	1.13%
RD WA FICO	717	706	709
RD WA CLTV	-	92.60%	109.79%
IO %	0.00%	0.76%	0.95%
IO WA FICO	-	711	702
IO WA CLTV	-	94.21%	95.45%
IO_REDUCED_DOC%	-	54.50%	12.35%
Non-Owner Occupied %	-	0.25%	0.53%
NOO_WA_FICO	-	711	687
NOO_WA_LTV	-	85.30%	90.68%

As of April 30, 2007

Exhibit 16

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

First Amended Complaint, filed on Apr. 15, 2011, *Allstate Ins. Co. v. GMAC Mortg., LLC*, No. 27-cv-11-3480 (Minn. Dist. Ct.)

FILED PSL

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BY._____DEPUTY
HENN. CO. DISTRICT
COURT ADMINISTRATOR

STATE OF MINNESOTA

COUNTY OF HENNEPIN

DISTRICT COURT

FOURTH JUDICIAL DISTRICT
CASE TYPE: OTHER/CIVIL

Allstate Insurance Company, Allstate Life Insurance Company, Allstate Bank (f/k/a Allstate Federal Savings Bank), Allstate New Jersey Insurance Company, American Heritage Life Insurance Company, First Colonial Insurance Company, Allstate Life Insurance Company of New York, Allstate Retirement Plan, and Kennett Capital, Inc.,

Plaintiffs,

v.

GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corporation), Residential Funding Company, LLC (f/k/a Residential Funding Corporation), Residential Funding Securities, LLC (d/b/a GMAC RFC Securities, f/k/a Residential Funding Securities Corporation), Residential Accredit Loans, Inc., Residential Asset Mortgage Products, Inc., Residential Funding Mortgage Securities I, Inc., Residential Funding Mortgage Securities II, Inc., and Residential Asset Securities Corporation,

Defendants.

Civil File No. 27-CV-11-3480
Honorable Margaret A. Daly

FIRST AMENDED COMPLAINT

NATURE OF ACTION 1

PARTIES 6

JURISDICTION AND VENUE 12

BACKGROUND 12

SUBSTANTIVE ALLEGATIONS 16

I. THE DEFENDANTS ABUSED THEIR CONTROL OF THE RAPIDLY-EXPANDING SECURITIZATION PROCESS 16

A. Evidence of a Rise in Securitization Volume Leading to a Decline in Underwriting Standards 16

B. The Defendants' Control Over the Vertically-Integrated Process 22

II. THE DEFENDANTS' MATERIAL MISREPRESENTATIONS AND OMISSIONS 25

A. The Defendants' Misrepresentations Regarding Underwriting Guidelines 25

B. The Defendants' Misrepresentations Regarding Due Diligence Results 26

C. The Defendants' Misrepresentations Regarding Case-by-Case Underwriting Exceptions 27

D. The Defendants' Misrepresentations Regarding Owner-Occupancy Statistics 28

E. The Defendants' Misrepresentations Regarding Loan-to-Value Ratios 29

F. The Defendants' Misrepresentations Regarding the Sufficiency of Borrower Income 30

G. The Defendants' Misrepresentations Regarding Credit Enhancements 31

H. The Defendants' Misrepresentations Regarding Credit Ratings 32

I. Documentary Basis for the Loan Approval 33

III. EVIDENCE THAT ALL OF THE DEFENDANTS' REPRESENTATIONS WERE UNTRUE AND MISLEADING 34

A. Evidence of the Securities' High Default Rates and Plummeting Credit Ratings 36

B. Loan-Level Evidence That Borrowers Did Not Actually Occupy the Mortgage Properties as Represented 39

C. Loan-Level, Independent Evidence That the LTV Ratios Were Materially Misrepresented 43

D. Evidence From A Former Senior Underwriter That GMAC Accepted Absurd Income Claims 48

E. Evidence From the Defendants' Own Insurers' Review of Loan Files at Issue Here 49

F. Documentary and Testimonial Evidence that Due Diligence Flagged Many Problem Loans That Were "Waived In" Anyway 54

G. Evidence That the Ratings Were Meaningless 60

H. Evidence of Serious and Repeated Problems at the Affiliated Originator Homecomings Financial 61

(1) Confidential witness: Automated system manipulated to obtain approvals 61

(2) Confidential witnesses: QC group overridden 64

(3) Other evidence of problems at Homecomings 65

I. Evidence that the Loans Were Approved Based on Incomplete Loan Files 67

J. Evidence that Residential Funding Itself Believes Loans it Purchased Were Non-Compliant 67

IV. THE DEFENDANTS KNEW THEIR REPRESENTATIONS WERE FALSE 68

A. The Statistical Evidence is Itself Persuasive Evidence the Defendants Knew of the Falsity of Their Representations – Particularly Given They Origianted Many of the Loans 68

B. Evidence From Third-Party Due Diligence Firms Demonstrates That Defendants Knew Defective Loans Were Being Securitized 70

C. Other Confidential Witness Testimony Further Confirms' Defendants' Knowledge 73

D. Evidence of Residential Fundings' Improper "Bulk Buying" Procedures 75

E. Evidence That the Defendants Knew the Appraisals Were Falsely Inflated 76

V. ALLSTATE'S DETRIMENTAL RELIANCE AND DAMAGES 79

FIRST CAUSE OF ACTION 83

SECOND CAUSE OF ACTION 84

THIRD CAUSE OF ACTION 86

FOURTH CAUSE OF ACTION 87

PRAYER FOR RELIEF 89

JURY TRIAL DEMANDED 90

Plaintiffs Allstate Insurance Company, Allstate Life Insurance Company, Allstate Bank (f/k/a Allstate Federal Savings Bank), Allstate New Jersey Insurance Company, American Heritage Life Insurance Company, First Colonial Insurance Company, Allstate Life Insurance Company of New York, Allstate Retirement Plan, and Kennett Capital, Inc. (collectively, "Allstate"), by and through their attorneys, bring this action against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corporation), Residential Funding Company, LLC (f/k/a Residential Funding Corporation), Residential Funding Securities, LLC (d/b/a GMAC RFC Securities, f/k/a Residential Funding Securities Corporation), Residential Accredit Loans, Inc., Residential Asset Mortgage Products, Inc., Residential Funding Mortgage Securities I, Inc., Residential Funding Mortgage Securities II, Inc., and Residential Asset Securities Corporation, and allege as follows:

NATURE OF ACTION

1. This action arises out of the defendants' fraudulent sale of residential mortgage-backed securities (the "Certificates") to Allstate. Whereas Allstate was made to believe it was buying highly-rated, safe securities backed by pools of loans with specifically-represented risk profiles, in fact the defendants knew the pool was a toxic mix of loans given to borrowers that could not afford the properties, and thus were highly likely to default.

2. The defendants made numerous material misrepresentations and omissions regarding the riskiness and credit quality of the Certificates in registration statements, prospectuses, prospectus supplements, preliminary term sheets, final term sheets, and other written materials (the "Offering Materials"). For example:

(i) ***Underwriting guidelines.*** The Offering Materials each represented that a particular, reasonable underwriting process was followed to ensure that only loans that the borrower could repay would be included in the pool underlying the Certificates (the "Mortgage Loans"). In fact, the defendants systematically ignored the disclosed underwriting standards in

originating or otherwise acquiring non-compliant loans. Confidential witness testimony confirms that senior executives at the defendants' affiliated lender were trained on how to manipulate the data fed into the system (including by submitting as many as twenty-five different applications) until the loan was approved. It confirms that defendants instructed its affiliated lender to increase the number of applications that used less documentation – which, of course, is the type of applications that can be even more easily manipulated. It also confirms underwriters within the defendants would review files to determine if they could be "tweaked" enough to get a loan approved – including by making undocumented assumptions about the borrower's debt-to-income ratios. It is not surprising, then, that a recent review of the loan files underlying some of Allstate's Certificates by the defendants' own insurer revealed a pervasive lack of proper documentation, facially absurd (yet unchecked) claims about the borrower's purported income, and the routine use of at least three different programs that circumvented the underwriting guidelines altogether. Based on data compiled from third-party due diligence firms, the federal Financial Crisis Inquiry Commission ("FCIC") noted (at 187) in its January 2011 report:

> The Commission concludes that 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 be significant.***

(ii) ***Percentage of Known Non-Conforming Loans.*** The defendants fraudulently omitted the fact that both the underwriters' internal due diligence, as well as third-party due diligence firms, had identified numerous loans that did not conform to the stated underwriting guidelines. Nor did they disclose that many of those same non-conforming loans had been "waived" into the collateral pools underlying the Certificates despite not having any purported "compensating" factors. Data recently made available from one of the largest due diligence firms – which worked for many of the underwriters here – confirms this was occurring

on a staggering scale. This not only confirms the results of Allstate's statistical analysis of the loans at issue, but also confirms the defendants' knowledge of those underwriting violations.

(iii) ***Owner Occupancy Statistics.*** The Offering Materials made specific representations regarding the percentage of borrowers who would be occupying the property being mortgaged – a key risk characteristic given that borrowers are less likely to walk away from properties they live in, as compared to properties being used as a vacation home or as an investment. Confidential witness testimony confirms underwriters had what information they needed in the loan files (which Allstate was not given access to) to double-check these figures. But analytical tools recently made available to investors confirm that in truth, a far greater percentage of the loans underlying Allstate's Certificates were in fact given to borrowers who lived elsewhere.

(iv) ***Loan-to-Value Ratios.*** The Offering Materials represented that the underlying loans had specific loan-to-value ("LTV") and combined loan-to-value ("CLTV") ratios. The LTV and CLTV represent the size of the borrower's obligations as compared to the value of the property being used as collateral. The CLTV is the LTV after all loans are considered, not just the first mortgage. These are also key risk metrics, because they represent the equity "cushion" that borrowers have and the likelihood of repayment to lenders upon foreclosure. Analytical tools recently made available to investors confirm that the Offering Materials vastly overstated the value of the collateral being included in the loan pools, and hid additional liens that had been placed on the properties. Confidential witness testimony confirms defendants were relying on facially absurd "comp" calculations – such as treating a house on a canal the same as a beach house – and were relying on arbitrary comp 'mark-ups' which could increase the purported value by as much as 25%. It also confirms that certain appraisers

submitted the same exact analysis for every application – indicating no investigative work was actually being done – yet those companies' appraisals were still approved for use in these calculations.

(v) ***Purpose and Use of Exceptions.*** The Offering Materials represented that loans that did not meet certain criteria were approved as "exceptions" only on the basis of countervailing features of the borrowers' risk profiles that 'made up' for negative aspects of the risk profile. In fact, "exceptions" were instead used as a way to increase loan volume by circumventing the applicable underwriting guidelines. And a recent review of the loan files underlying some of Allstate's Certificates by the defendants' own insurer revealed that non-compliant Mortgage Loans did not have any identified countervailing features, and that the defendants abused at least three bulk-purchase and bulk-approval procedures to create loan pools outside of the disclosed underwriting guidelines.

3. As summarized below, Allstate purchased over ***half a billion dollars*** in the defendants' mortgage-backed securities in reliance on these and the other misrepresentations and omissions. The purchases are further detailed in the exhibits to this complaint, which are all incorporated as if set forth fully herein.

Transaction	Total Investment	Further Details
RALI 2005-QA2	$24,371,448	Exh. A, B, C, & D
RALI 2005-QS6	$7,710,938	Exh. A, B, C, & E
RALI 2006-QO3	$15,000,000	Exh. A, B, C, & F
RALI 2006-QS14	$52,343,814	Exh. A, B, C, & G
RALI 2007-QH6	$29,974,320	Exh. A, B, C, & H
RAMP 2004 RZ4	$10,520,000	Exh. A, B, C, & I
RAMP 2004-RZ2	$20,596,062	Exh. A, B, C, & J
RAMP 2005-RS4	$22,338,000	Exh. A, B, C, & K
RAMP 2006-RS3	$33,000,000	Exh. A, B, C, & L
RAMP 2006-RZ3	$12,003,750	Exh. A, B, C, & M
RASC 2005-KS3	$14,065,000	Exh. A, B, C, & N
RASC 2005-KS4	$10,000,000	Exh. A, B, C, & O
RFMSI 2005-S8	$10,031,192	Exh. A, B, C, & P

Transaction	Total Investment	Further Details
RFMSI 2006-S6	$22,031,492	Exh. A, B, C, & Q
RFMSII 2005-HI3	$6,076,086	Exh. A, B, C, & R
RFMSII 2005-HS1	$18,229,692	Exh. A, B, C, & S
RFMSII 2005-HS2	$44,020,893	Exh. A, B, C, & T
RFMSII 2005-HSA1	$6,471,308	Exh. A, B, C, & U
RFMSII 2006-HI4	$30,317,751	Exh. A, B, C, & V
RFMSII 2006-HI5	$38,468,851	Exh. A, B, C, & W
RFMSII 2007-HI1	$29,985,573	Exh. A, B, C, & X
RFMSII 2007-HSA2	$21,996,880	Exh. A, B, C, & Y
RFMSII 2007-HSA3	$24,991,433	Exh. A, B, C, & Z
GMACM 2005-HE1	$20,000,000	Exh. A, B, C, & AA
GMACM 2006-HE3	$29,999,622	Exh. A, B, C, & BB

4. Allstate invested in the Certificates as part of a broader plan to invest in a diverse array of mortgage-backed securities. Allstate typically purchased senior classes of mortgage-backed securities (i.e., those rated AAA/Aaa or AA/Aa by the rating agencies Standard & Poor's and Moody's Investors Service). Allstate purchased the Certificates to generate income and total return through safe investments. But Allstate also purchased these securities with the expectation that the investments could be – and indeed some would be and were – sold on the secondary market.

5. The systemic (but hidden) abandonment of the disclosed underwriting guidelines has predictably led to soaring default rates in the mortgage loans underlying the Certificates, resulting in a drastic drop in the value of the Certificates. For instance, despite the fact that most of the of the Certificates started out with AAA ratings – the same rating given to treasury bills backed by the full faith and credit of the United States government – over 75% are now not even rated as investment-grade securities. These problems are so drastic and their onset was so rapid (in comparison to the long-term security of the investments Allstate thought it was purchasing) that the poor performance to date of the Certificates is itself powerful evidence that the Mortgage Loans were not underwritten according to the procedures represented to Allstate. With the

underlying loans performing so poorly, the value of Allstate's Certificates has plummeted, causing Allstate to incur significant losses. These losses were not caused by the downturn in the U.S. housing market, but by defendants' faulty underwriting.

6. As the FCIC concluded in its January 2011 report (at 224):

> As mortgage securities lost value, investors found significant deficiencies in securitizer's due diligence on the mortgage pools underlying the mortgage-backed securities as well as in their disclosure about the characteristics of those deals. As private mortgage insurance companies found similar deficiencies in the loans they insured, they have denied claims to an unprecedented extent . . .

The report also recounted (at 224) that investigations by the government-sponsored entities Fannie Mae and Freddie Mac similarly found loan disclosures consistently lacking. For instance, "Freddie reviewed $76.8 billion of loans . . . and found $21.7 billion to be ineligible, meaning they did not meet representations and warranties."

PARTIES

7. ***The Plaintiffs.*** Plaintiff Allstate Insurance Company is an insurance company formed under the laws of, and domiciled in, the State of Illinois, with its principal place of business in Northbrook, Illinois. It is the nation's largest publicly-held personal-lines insurer, selling property and casualty insurance. Allstate Insurance Company is licensed in the state of Minnesota and writes insurance products within this State. Allstate Insurance Company is a wholly-owned subsidiary of Allstate Insurance Holdings, LLC, which is a Delaware limited liability company. Allstate Insurance Holdings, LLC is a wholly-owned subsidiary of The Allstate Corporation, which is a Delaware corporation.

8. Plaintiff Allstate Life Insurance Company is an insurance company formed under the laws of, and domiciled in, the State of Illinois, with its principal place of business in Northbrook, Illinois. It is licensed in the State of Minnesota and sells life, accident, and health

insurance products in this State. Allstate Life Insurance Company is a wholly-owned subsidiary of Allstate Insurance Company.

9. Plaintiff Allstate Bank, formerly known as Allstate Federal Savings Bank, is a federally-chartered thrift institution that provides retail bank products and services. It is a wholly-owned subsidiary of The Allstate Corporation, and has its registered office in Northbrook, Illinois.

10. Plaintiff Allstate New Jersey Insurance Company is an insurance company formed under the laws of, and domiciled in, the State of Illinois, with its statutory office in Northbrook, Illinois. It is licensed in the states of Illinois and New Jersey, writing property and casualty insurance products in New Jersey.

11. Plaintiff American Heritage Life Insurance Company is an insurance company formed under the laws of, and domiciled in, the State of Florida, with its principal place of business in Jacksonville, Florida. It sells life, accident, and health insurance and annuity products. American Heritage Life Insurance Company is a wholly-owned subsidiary of American Heritage Life Investment Corporation, which is a Delaware corporation. American Heritage Life Investment Corporation is a wholly-owned subsidiary of The Allstate Corporation.

12. Plaintiff First Colonial Insurance Company is an insurance company formed under the laws of, and domiciled in, the State of Florida, with its principal place of business in Jacksonville, Florida. It sells property and casualty insurance products. It is a wholly-owned subsidiary of American Heritage Life insurance Company

13. Plaintiff Allstate Life Insurance Company of New York is an insurance company formed under the laws of, and domiciled in, the State of New York, with its principal place of business in Hauppauge, New York. It sells life, accident and health insurance and annuity

products. Allstate Life Insurance Company of New York is a wholly-owned subsidiary of Allstate Life Insurance Company.

14. Plaintiff Allstate Retirement Plan is an ERISA plan sponsored by Allstate Insurance Company.

15. Plaintiff Kennett Capital, Inc. is a Delaware corporation and an indirect wholly-owned subsidiary of The Allstate Corporation.

16. ***The Defendants.*** All of the defendants in this action are part of the same corporate family, and acted together to control the entire creation, marketing, and sale of the Certificates at issue here, from loan origination, to mortgage pooling, to securities underwriting, to sale to Allstate. Allstate is not seeking relief against any bankrupt entity. It is, however, seeking relief from the defendants, including their successors-in-interest (if any), by reason of a sale or transfer of all or a portion of its assets.

17. ***Seller, Sponsor, and Servicer Defendants.*** Defendant Residential Funding Company, LLC, formerly known as Residential Funding Corporation, is a Delaware limited liability company with its principal place of business in Minneapolis, Minnesota. It is engaged in the business of, among other things, originating and acquiring residential mortgage loans and selling those loans through securitization programs.

18. Defendant GMAC Mortgage, LLC, formerly known as GMAC Mortgage Corporation, is a Delaware limited liability company with its principal place of business in Horsham, Pennsylvania. It acquired, originated, and serviced residential loans, and sponsored the securitization of some of the mortgage loans at issue here.

19. ***Affiliated Underwriter Defendant.*** Defendant Residential Funding Securities, LLC, doing business as GMAC RFC Securities and formerly known as Residential Funding

Securities Corporation, is a Delaware limited liability company and registered broker-dealer with its principal place of business in Minneapolis, Minnesota. Residential Funding Securities, LLC's banking operations are limited to broker-dealer functions in the issuance and underwriting of residential and commercial mortgage-backed securities. It served as a co-underwriter for the offerings at issue here except RALI 2005-QA2, RALI 2006-QS14, RALI 2006-QO3, RAMP 2004-RZ4, RAMP 2006-RS3, RASC 2005-KS3, RASC 2005-SK4, and RFMSI 2006-S6.

20. ***Depositor Defendants.*** The Depositors are considered issuers of the Certificates within the meaning of Section 2(a)(4) of the Securities Act of 1933, 15 U.S.C. §77b(a)(4), and in accordance with Section 11(a), 15 U.S.C. §77k(a).

21. Defendant Residential Accredit Loans, Inc. is a Delaware corporation and a limited-purpose indirect subsidiary of Residential Capital with its principal place of business in Minneapolis, Minnesota. It was the Depositor for certain of the offerings in which Allstate invested, the Registrant for certain Registration Statements filed with the SEC, and an issuer of certain mortgage-backed Certificates purchased by Allstate.

22. Defendant Residential Asset Mortgage Products, Inc. is a Delaware corporation and a limited-purpose indirect subsidiary of Residential Capital with its principal place in Minneapolis, Minnesota. It was the Depositor for certain of the offerings in which Allstate invested, the Registrant for certain Registration Statements filed with the SEC, and an issuer of certain mortgage-backed Certificates purchased by Allstate.

23. Defendant Residential Funding Mortgage Securities I, Inc. is a Delaware corporation and a limited-purpose subsidiary of Residential Capital with its principal place of business in Minneapolis, Minnesota. It was the Depositor for certain of the offerings in which

Allstate invested, the Registrant for certain Registration Statements filed with the SEC, and an issuer of certain mortgage-backed Certificates purchased by Allstate.

24. Defendant Residential Funding Mortgage Securities II, Inc. is a Delaware corporation and a limited purpose subsidiary of Residential Capital with its principal place of business in Minneapolis, Minnesota. It was the Depositor for certain of the offerings in which Allstate invested, the Registrant for certain Registration Statements filed with the SEC, and an issuer of certain mortgage-backed Certificates purchased by Allstate.

25. Defendant Residential Asset Securities Corporation is a Delaware corporation and limited purpose subsidiary of Residential Capital with its principal place of business in Minneapolis, Minnesota. It was the Depositor for certain of the offerings in which Allstate invested, the Registrant for certain Registration Statements filed with the SEC, and an issuer of certain mortgage-backed Certificates purchased by Allstate.

26. ***Relevant Non-Parties.*** Ally Financial Inc. is a Delaware corporation with its principal place of business in Detroit, Michigan. On November 30, 2006, General Motors sold a 51% interest in General Motors Acceptance Corporation to FIM Holdings LLC, and changed its name to GMAC, LLC. On June 30, 2009, GMAC, LLC changed its name to GMAC, Inc., and on May 10, 2010, GMAC, Inc. changed its name to Ally Financial Inc. It is now a lending, independent, globally-diversified financial services firm. It is the direct or indirect parent of all the defendants in this action.

27. GMAC Mortgage Group, LLC, formerly known as GMAC Mortgage Group, Inc., is a Delaware limited liability company with its principal place of business in Horsham, Pennsylvania. It is a wholly-owned subsidiary of Ally Financial Inc., and the direct parent of Residential Capital, LLC.

28. Residential Capital, LLC, formerly known as Residential Capital Corporation, is a Delaware limited liability company, an indirect subsidiary of Ally Financial Inc., and a direct subsidiary of GMAC Mortgage Group, LLC, with its principal place of business in Minneapolis, Minnesota. Residential Capital LLC is the direct or indirect parent company of the depositor defendants, Residential Funding Securities, LLC, Residential Funding Company, LLC, and GMAC Mortgage, LLC. Residential Capital and its subsidiaries originate, purchase, sell, and securitize residential mortgage loans primarily in the United States, provide primary and master servicing to investors in residential mortgage loans and securitizations, and provide collateralized lines of credit (referred to as warehouse lending facilities) to other originators.

29. Homecomings Financial, LLC, formerly known as Homecomings Financial Network, Inc., was an affiliate of defendants. Before its lending operations were shut down, it was a Delaware limited liability company with its principal place of business in Minneapolis, Minnesota. It originated loans for securitization by the Residential Funding defendants.

30. The Certificates for each securitization relevant to this action were issued by a trust. The issuing trusts are identified in Exhibit A along with other details regarding Allstate's purchases.

31. At all relevant times, the defendants committed the acts, caused or directed others to commit the acts, or permitted others to commit the acts alleged in this complaint. Any allegation about acts of the corporate defendants means that those acts were committed through their officers, directors, employees, agents, and/or representatives while those individuals were acting within the actual or implied scope of their authority.

JURISDICTION AND VENUE

32. This Court has personal jurisdiction over the defendants because the defendants transact business in Minnesota and because they committed acts in Minnesota causing injury to the plaintiffs.

33. Venue in this Court is proper under Minn. Stat. § 542.09 (2010) because the cause of action arose, in part, in Hennepin County and because defendants Residential Funding Company, LLC, Residential Funding Securities, LLC, Residential Accredit Loans, Inc., Residential Asset Mortgage Products, Inc., Residential Funding Mortgage Securities I, Inc., Residential Funding Mortgage Securities II, Inc., and Residential Asset Securities Corporation reside within this county.

34. On information and belief, based on, among other things, the defendants' principal place of businesses, a majority of the acts giving rise to the claims set forth in this complaint occurred in Minnesota. Specifically, on information and belief: (a) the representations at issue were prepared and/or approved in Minnesota; (b) decisions regarding which loans to securitize were made in and directed from Minnesota; (c) the defendants' underwriting policies and practices were set and implemented in Minnesota; and (d) many of the collateral loans were originated or acquired in Minnesota. Further, on information and belief, many of the key witnesses and documents still reside here in Minnesota.

BACKGROUND

35. ***The Mechanics of Mortgage Securitization.*** Mortgage pass-through securities or certificates represent interests in a pool of mortgage loans; the securities are "shares" in the pool that are sold to investors. The pass-through securities entitle the holder to payments from the pool of mortgages. Although the structure and underlying collateral may vary by offering, the basic principle of pass-through securities remains the same: the cash flow from the pool of

mortgages is "passed through" to the securities holders when payments are made by the underlying mortgage borrowers.

36. The initial step in creating a mortgage pass-through security is the acquisition by a "depositor" of an inventory of loans from a "sponsor" or "seller," which either originates the loans or acquires the loans from other mortgage originators. This "sponsor" of a mortgage-backed security ("MBS") was often created by a financial institution, such as the defendants.

37. Upon acquisition, the depositor transfers, or deposits, the acquired pool of loans to an "issuing trust." The depositor then securitizes the pool of loans in the issuing trust so that the rights to the cash flows from the pool can be sold to investors. The securitization transactions are structured such that the risk of loss is divided among different levels of investment, or "tranches." Tranches consist of multiple series of related securities offered as part of the same offering, each with a different level of risk and reward. Any losses on the underlying loans – whether due to default, delinquency, or otherwise – are generally applied in reverse order of seniority. As such, the most senior tranches of pass-through securities receive the highest credit ratings. Junior tranches, being less insulated from risk, typically obtain lower credit ratings.

38. Once the tranches are established, the issuing trust passes the securities or certificates back to the depositor, who becomes the issuer of the securities. The depositor then passes the securities to one or more underwriters, who offer and sell the securities to investors in exchange for cash that is passed back to the depositor, minus any fees owed to the underwriters.

39. The underwriters, such as defendants, play a critical role in the securitization process by purchasing the securities from the issuing trust through a depositor and then selling

them to investors. Significantly, the underwriters provide the information that potential investors like Allstate use to decide whether to purchase the securities.

40. Because the cash flow from the loans in the collateral pool of a securitization is the source of payments to holders of the securities issued by the trust, the credit quality of the securities depends upon the credit quality of the loans in the collateral pool. The most important information about the credit quality of the loans is contained in the "loan files" that the mortgage originator develops while making the loans.

41. For residential mortgage loans, each loan file normally contains documents including the borrower's application for the loan; verification of the borrower's income, assets, and employment; references; credit reports on the borrower; an appraisal of the property that will secure the loan and provide the basis for measures of credit quality, such as loan-to-value ratios; and a statement of the occupancy status of the property. The loan file also typically contains the record of the investigation by the loan originator of the documents and information provided by the borrower, as well as the detailed notes of the underwriter setting forth the rationale for the making of each loan. Investors like Allstate were not given access to the loan files and they must rely on the representations made by the sponsors and underwriters in the Offering Materials.

42. The collateral pool for each securitization usually includes thousands of loans. Instead of having each potential investor reviewing all of these loan files, the underwriters are generally 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 issuing trust. In accordance with industry standards, this involves performing due diligence on the loan pool and the originators to ensure the representations being made to

investors are accurate. Investors, like Allstate, rely on the offering materials to correctly describe the quality and nature of the loans that form the security for their investments.

43. Traditionally, mortgage originators financed their mortgage business through customer deposits, retained ownership of the loans they originated, and directly received the mortgage payment streams. When an originator held a mortgage through the term of the loan, the originator also bore the risk of loss if the borrower defaulted and the value of the collateral was insufficient to repay the loan. As a result, the originator had a strong economic incentive to verify the borrower's creditworthiness through prudent underwriting and to obtain an accurate appraisal of the value of the underlying property before making the mortgage loan.

44. Mortgage loan securitization, however, shifted the traditional "originate to hold" model to an "originate to distribute" model, in which originators sell residential mortgages and transfer credit risk to investors through the issuance and sale of RMBS (residential MBS). Under the new model, originators no longer hold the mortgage loans to maturity. Instead, by selling the mortgages to trusts, which provide their securities to investors, the originators obtain the funds to make more loans. Securitization also enables originators to earn most of their income from transaction and loan-servicing fees, rather than from the spread between interest rates paid on deposits and interest rates received on mortgage loans, as in the traditional model. Thus, securitization gives originators an incentive to increase the number of mortgages they issue regardless of credit quality. However, contractual terms, adherence to solid underwriting standards, and good business practices obligate originators to underwrite loans in accordance with their stated policies and to obtain accurate appraisals of the mortgaged properties.

45. Originally, most mortgage securitizations were conducted through the major Government Sponsored Enterprises (the "Agencies"), *i.e.*, the Federal National Mortgage

Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Government National Mortgage Association ("Ginnie Mae"). The Agencies purchased loans from originators and securitized the loans. These Agency securitizations had high credit quality because the Agencies required the underlying loans to be originated in accordance with strict underwriting guidelines. Most non-Agency mortgage securitizations during this period also had relatively high credit quality because they typically complied with the Agencies' underwriting standards.

SUBSTANTIVE ALLEGATIONS

I. THE DEFENDANTS ABUSED THEIR CONTROL OF THE RAPIDLY-EXPANDING SECURITIZATION PROCESS

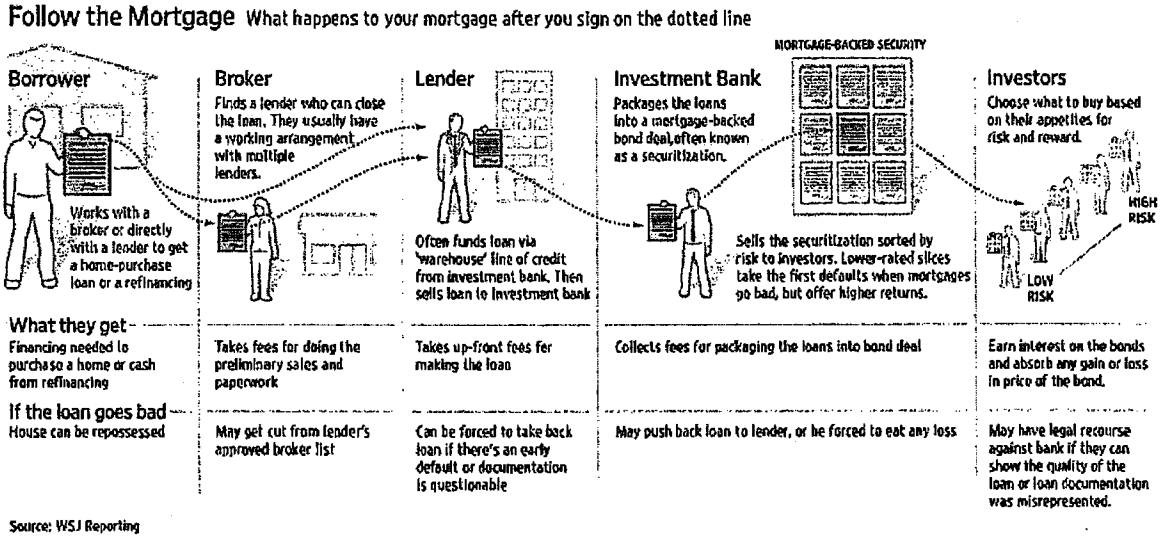
A. Evidence of a Rise in Securitization Volume Leading to a Decline in Underwriting Standards

46. The FCIC "reviewed millions of pages of documents, interviewed more than 700 witnesses, and held 19 days of public hearings in New York, Washington, D.C., and communities across the country." In the resulting January 2011 report, the FCIC stated (at xvi):

> In this report, we detail the events of the crises . . . [I]t was the collapse of the housing bubble – fueled by low interest rates, easy and available credit, scant regulation, and toxic mortgages – that was the spark that ignited a string of events, which led to a full-blown crises in the fall of 2008. Trillions of dollars in risky mortgages had become embedded throughout the financial system, as mortgage-related securities were packaged, repackaged, and sold to investors around the world.

47. The report noted (at 22-23): "[I]t has been estimated that ultimately as many as 13 million households in the United States may lose their homes to foreclosure." Already, according to the report, "four million families have lost their homes to foreclosure and another four and a half million have slipped into the foreclosure process or are seriously behind on their mortgage payments."

48. As above, in a securitization, mortgages are aggregated, then securities are sold that are backed by the resulting mortgage pools. The cash flows from the pooled loans, in the form of payments of interest and principal, are used to make payments on the securities. The purchase of each Certificate here was thus the purchase of a right to participate in the cash flows generated by the pool of Mortgage Loans. The *Wall Street Journal* has summarized the securitization process as follows:



49. Also as above, traditional securitizations were primarily done in conjunction with the government-sponsored entities Fannie Mae and Freddie Mac. Those entities limited the types of loans that could be securitized through them, and their perceived government backing simultaneously lowered the risk.

50. In the early 2000s, as interest rates at historic lows were pushing down the profits of traditional lending and even securitization through Fannie Mae or Freddie Mac, banks began to look for ways to increase the fees they could generate. Banks, lenders, and securitizers began increasingly focusing on creating products outside the traditional lending guidelines, expanding the number of borrowers who could purportedly qualify for loans while also enabling themselves

to charge those borrowers much higher fees than they would have realized on conforming loan terms.

51. For instance, Confidential Witness 2 ("CW2") worked as a director of GMAC RFC Securities for three years, until 2005. According to CW2, in the 2004-2005 time frame, "people were very focused on increasing volume production," and not much else. "Every year was projected to be a record year." The only way to achieve those projections, according to CW2, was to "loosen the underwriting guidelines." According to CW2, people at GMAC RFC Securities "didn't see the forest for the trees."

52. Similarly, Confidential Witness 4 ("CW4") was a Senior Underwriter at GMAC from 1997 to 2008. According to CW4, GMAC was "always being compared to Countrywide" and "we wanted to be number one," and so GMAC "did what Countrywide did" to keep up with this main competitor.

53. A larger perceived potential borrower base and higher profits per borrower created a huge incentive to increase lending volume. The number of loans issued on terms riskier than those that could be securitized through Fannie Mae or Freddie Mac skyrocketed. For instance, according to an April 7, 2010 report by the FCIC, non-conforming loans went from around $670 billion in 2004 to over $2 trillion in 2006. The same report indicates that Residential Funding Corporation was the eighth-largest sponsor of non-agency mortgage-backed securities in 2007.

54. Such a huge increase in mortgage volume in a short period of time also created the problem of where the money to actually fund those loans would come from, and who would bear the risk. As the FCIC put it in its January 2011 report (at 7): "under the radar, the lending and financial services industry had mutated." It found (at 70) that "[s]ecuritization and subprime

origination grew hand in hand," as (at 125) "[t]he nonprime mortgage securitization process created a pipeline through which risky mortgages were conveyed and sold throughout the financial system. The pipeline was essential to the origination of the burgeoning numbers of high-risk mortgages."

55. In other words, simultaneous with a shift away from non-traditional loans was a focus on an "originate and distribute" business model. In a traditional "originate and hold" business model, the lender is economically vested in establishing the creditworthiness of the borrower and the true value of the underlying property, as it would be stuck with any resulting losses. In an "originate and distribute" model, the incentives are vastly different. The risk of non-payment was transferred to the investors, and thus the only incentive for the originators, underwriters, and others in the securitization chain was to pump out as many loans as possible, the more exotic (and thus the higher-fees) the better – as long as they could be sold. The defendants were willing to abandon sound underwriting practices because they were routinely placing the risk onto investors like Allstate by misrepresenting the resulting loans to ensure their marketability. As the FCIC concluded (at 125): "The originate-to-distribute model undermined responsibility and accountability for the long-term viability of the mortgages and mortgage-related securities and contributed to the poor quality of mortgage loans."

56. Because the underlying loans were on non-traditional terms, the banks could offer investors higher rate of returns on the securitized pools even as the deal's structure (such as, for instance, including "extra" Mortgage Loans in the collateral pool) purportedly made the investments safe. Unknown to investors like Allstate, however, they were in fact much riskier because the defendants misrepresented many aspects of the Mortgage Loans. For instance, though the defendants may have disclosed that the loan pool included adjustable-rate mortgages

(which may be riskier than fixed-rate as the borrower may be unable to afford his or her monthly payment should interest rates rise), they overstated how many loans were owner-occupied (owner-occupied properties have lower risks), understated the loan pools' average loan-to-value ratios (suggesting the owners had more of an equity "cushion" than they did), misrepresented the amount of verification of the borrower's assets and income that had been done (understating the risk that the borrower could not actually afford the monthly payments), and omitted to inform Allstate about the high number of rejected loans that were "waived" in by the underwriters (making representations regarding the quality of the underwriting process even more misleading).

57. Each misrepresentation and omission created an additional, hidden layer of risk well beyond that known to be associated with an "adjustable rate mortgage" or a "home equity loan" in the abstract. In short, by misrepresenting the true risk profile of the loan pools, the defendants defrauded investors like Allstate into accepting the risks created by the defendants' shoddy lending and underwriting practices. A managing director of a financial services analyst quoted in the FCIC's report (at 6) described the financial products created at this time as being a lot like "cheap sangria," "[a] lot of cheap ingredients repackaged to sell at a premium . . . it might taste good for a while, but then you get headaches later and you have no idea what's really inside."

58. The FCIC report summarized (at 28, emphasis added):

> [W]e follow the profound changes in the mortgage industry, from the sleepy days when local lenders took full responsibility for making and servicing 30-year loans to a new era in which the idea was to sell the loans off as soon as possible, so that they could be packaged and sold to investors around the world. New mortgage products proliferated, and so did new borrowers. ***Inevitably, this became a market in which the participants – mortgage brokers, lenders, and Wall Street firms – had a greater stake in the quantity of mortgages signed up and sold than in their quality.***

59. The perverse incentives created by the move to "originate and distribute" did not just operate on an entity level, but flowed down to the individual decisionmakers within the defendants. The FCIC's January 2011 report noted (at 6) that "[b]ondsalesman earned multi-million dollar bonuses packaging and selling new kinds of loans, offered by new kinds of lenders, into new kinds of investment products that were deemed safe but possessed complex and hidden risks." It also found (at 64) that "[c]ompensation structures were skewed all along the mortgage securitization chain."

60. In a section discussing "employee compensation," the chair of the FDIC provided a statement to an investigative panel in January 2010 that:

> The standard compensation practice of mortgage brokers and bankers was based on the volume of loans originated rather than the performance and quality of the loans made. From the underwriter's perspective, it was not important that consumers be able to pay their mortgages when interest rates reset . . . . The long-tail risk posed by these products did not affect mortgage brokers and bankers' incentives because these mortgages were sold and securitized. The lack of a downside in these compensation schemes ultimately hurt both those who could not pay their risky mortgages and the economy.

61. The testimony of CW4 similarly confirms here that GMAC loan officers, executives, and even the underwriters had compensation packages tied to loan volume.

62. To make matters worse, the FCIC found (at 14) that the explosion also created a surging demand for people to carry out the paperwork – a void that was filled, according to a study cited by the FCIC, with thousands of newly-minted "mortgage brokers" with criminal records, including thousands with convictions for fraud, racketeering, and extortion. The FCIC also found (at 162) that "despite the underreporting" of fraud, there was a 20-fold increase in "suspicious activity reports" related to mortgage fraud between 1996 and 2006, numbers that kept climbing during the time the Mortgage Loans at issue here were originated.

63. In short, as summarized by the President's Working Group in March 2008, there was a "significant erosion of market discipline by those involved in the securitization process . . . related in part to failures to provide . . . adequate risk disclosures." It also found that the "turmoil in the financial markets was triggered by a dramatic weakening of underwriting standards for U.S. subprime mortgages . . ." Similarly, the Comptroller of Currency's written statement for a Special Seminar on International Banking and Finance in November 2009 stated that a lethal combination of poor practices "produced, on a nationwide scale, the worst underwritten mortgages in our history." And the FCIC's January 2010 report concluded (at 101) that "there was untrammeled growth in risky mortgages. ***Unsustainable, toxic loans polluted the financial system and fueled the housing bubble.***" (Emphasis added.)

B. <u>The Defendants' Control Over the Vertically-Integrated Process</u>

64. The defendants and their affiliates controlled, and thus had actual knowledge of or were indifferent to the truth or falsity about, every aspect of the securitization process, from loan origination through sale to Allstate. In particular, the defendants controlled every aspect of originating and servicing the underlying Mortgage Loans, providing them with unique and special knowledge regarding the characteristics of the Mortgage Loans and the quality of the underwriting and servicing practices. The defendants also acquired and pooled the mortgage loans, created the securities, and marketed and sold the Certificates at issue using purported disclosures that were wrongful and fraudulent. On information and belief, the fraudulent representations and omissions took place in and/or were directed from Minnesota. All but one of the defendants had their principal place of business in Minnesota.

a. Many of the Mortgage Loans came from the defendants' affiliates. Every Certificate was backed in part by loans from Homecomings Financial, GMAC Mortgage LLC, or

GMAC Bank (an affiliate of GMAC Mortgage LLC). According to the Offering Materials, such affiliated originators were often the single largest source of Mortgage Loans:

Asset	Percent of Affiliated Loans
RALI 2005-QA2	15%
RALI 2005-QS6	65.5%
RALI 2006-QO3	47.6%
RALI 2006-QS14	36.9%
RALI 2007-QH6	43.0%
RAMP 2004 RZ4	42.1%
RAMP 2004-RZ2 Gr. I/II	28.3%/19.1%
RAMP 2005-RS4	24.1%
RAMP 2006-RS3	85.5%
RAMP 2006-RZ3	100%
RASC 2005-KS3	35.2%
RASC 2005-KS4	36.6%
RFMSI 2005-S8	33.2%
RFMSI 2006-S6	39.4%
RFMSII 2005-HI3	7.7%
RFMSII 2005-HS1	7.9%
RFMSII 2005-HS2 Gr. I/II	9.5%/42.3%
RFMSII 2005-HSA1 Gr. I/II	10.8%/41.0%
RFMSII 2006-HI4	43.5%
RFMSII 2006-HI5	21.3%
RFMSII 2007-HI1	18.8%
RFMSII 2007-HSA2	22.4%
RFMSII 2007-HSA3 Gr. I/II	34.9%/40.3%
GMACM 2005-HE1	75.68%
GMACM 2006-HE3	100%

b. Defendants or their affiliates acted as the sponsor, seller, and servicer for the loans underlying the securities. GMAC Mortgage LLC was sponsor, seller, and servicer for GMACM 2005-HE1 and GMACM 2006-HE3, with Residential Funding Company, LLC assuming these roles for the remaining Certificates. Defendants first obtained the Mortgage Loans from originators or sellers, including from its affiliates, as described above. Defendants then pooled the Mortgage Loans in the securitizations and conveyed those loans to the Depositor pursuant to Pooling and Servicing Agreements. The Pooling and Servicing Agreements also

established defendants or their affiliates as Master Servicer of the Mortgage Loans underlying each security.

c. Defendants or their affiliates were underwriters for many of the securities marketed and sold to Allstate. Residential Funding Securities, LLC was co-underwriter for seventeen of the twenty-five offerings at issue here. In that role, it shared responsibility for underwriting and managing the securitizations' sale of Certificates to Allstate and other investors, including screening the Mortgage Loans for compliance with the defendants' underwriting guidelines.

d. Residential Accredit Loans, Inc., Residential Asset Mortgage Products, Inc., Residential Funding Mortgage Securities I, Residential Funding Mortgage Securities II, and Residential Asset Securities Corporation were the Depositors for the offerings. The Depositors purchased the Mortgage Loans, including large amounts of the Mortgage Loans from defendants' affiliates as above, pursuant to the Pooling and Servicing Agreements. The Depositors then conveyed the Mortgage Loans to the Trustees, which held the Mortgage Loans in the Trusts for the benefit of Allstate and other Certificateholders. The Depositors then issued the Certificates, which represent interests in the Mortgage Loans held by the Trusts, to Allstate and other investors. The Depositors, Sellers, and Underwriters marketed and sold the Certificates to investors such as Allstate. The Certificates were sold in classes according to their expected credit ratings, and were expected to provide interest on the income stream generated by the Mortgage Loans in the collateral pools. The Depositors were established as limited-purpose finance subsidiaries of the other defendants.

65. Defendants' involvement in and control over each aspect of the securitization process provided them with unique and special knowledge and expertise regarding the

application of any purported standards or procedures for originating, acquiring, underwriting, and servicing the Mortgage Loans, as well as the loan characteristics of the loan pools securing each Certificate at issue.

II. THE DEFENDANTS' MATERIAL MISREPRESENTATIONS AND OMISSIONS

66. The Offering Materials made repeated representations regarding the risk profile of the Mortgage Loans. Because payments to investors are based on the stream of payments from borrowers, if enough loans in the pool default, investors will not be paid the interest returns promised and may even lose their principal. The market value for the Certificates also decreases as the perceived risk of the underlying pool increases, because the prospects for eventually receiving a full payment stream over the life of the investment decreases. As such, any representation bearing on the riskiness of the underlying Mortgage Loans was material to investors, including Allstate.

67. The Offering Materials for each of the securitizations at issue here had similar representations to those highlighted below. A larger sample of the representations on which Allstate relied are found in Exhibits D through BB.

A. The Defendants' Misrepresentations Regarding Underwriting Guidelines

68. Proper underwriting of the Mortgage Loans underlying Allstate's Certificates was material to Allstate because, as discussed above, the quality of loans in the pool determines the risk of the certificates backed by those loans. If a reasonable underwriting process was not actually followed, the chances that the loans had riskier features than the defendants claimed greatly increased, making the entire loan pool much riskier. A systemic underwriting failure would decrease the reliability of *all* the information investors had about the loans, and thus would significantly increase the perceived and actual risk to investors, while materially decreasing the value of the Certificates.

69. The Offering Materials all represented that the Mortgage Loans had been vetted to ensure that they had been originated according to a reasonable, consistent underwriting program. For example, the Offering Materials for RALI 2006-QS14 represented: "All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding . . . Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase." It also represented that the "applicable underwriting standards include a set of specific criteria by which the underwriting evaluation is made. . . ." Further similar representations for each Certificate are set forth in Exhibits D through BB.

70. These representations were false. As confirmed by a statistical analysis of the Mortgage Loans at issue here, information provided by confidential witnesses, a review of the defendants' loan files by their own insurer, and other facts referenced below, the guidelines were systematically ignored.

B. <u>The Defendants' Misrepresentations Regarding Due Diligence Results</u>

71. The defendants' representations regarding the underwriting process would be understood by any reasonable investor, including Allstate, to mean that non-compliant loans would not be included in the mortgage pools. Indeed, the underwriting disclosures would be pointless if read to mean only that the some (but not all) of a pool of loans met the given standards, but the defendants approved all the loans together for securitization, including many that failed the applicable standards.

72. The loan pools were subject to review by defendants and/or third-party due diligence firms. The defendants, however, did not disclose that: (1) the defendants were informed from those loan-level review processes that a substantial percentage of loans in the collateral pools were defective; (2) the defendants and other underwriters nonetheless had

waived the defects as to a substantial percentage of these loans; (3) underwriters had instead used the due diligence reports to negotiate a lower price for the loan pools, while retaining the toxic loans for inclusion in the loan pools; and (4) the defendants improperly failed to adjust their investigations (such as by increasing their sampling size or refusing to continue to work with problem originators) given the high number of non-conforming loans the due diligence process had in fact identified.

73. That defendants were including loans that their due diligence procedures had flagged as being defective has been confirmed by information provided by confidential witnesses, by the recent release of documents from the defendants' third-party due diligence firm, Clayton Holdings, and other facts set forth below.

74. The defendants' failure to disclose that high numbers of loans had been rejected by the due diligence process, yet "waived" into the collateral pools anyway, was a fraudulent omission, and rendered the disclosures regarding underwriting even more misleading.

C. The Defendants' Misrepresentations Regarding Case-by-Case Underwriting Exceptions

75. Whether the defendants and those from which defendants were purchasing its loans were making case-by-case (rather than bulk) exceptions to the otherwise-applicable underwriting guidelines was material to Allstate and other investors. A disclosed guideline is factually irrelevant – and indeed misleading – from a risk-analysis perspective if large numbers of loans were excused from those standards.

76. The defendants represented that they made only case-by-case exceptions to the disclosed underwriting standards, based on compensating factors that increased the quality of a loan application. For example, the Offering Materials for RALI 2006-QA14 represented that "[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." And the Offering Materials for RFMSII 2006-HI4 represented that "normally, in order to be eligible for a reduced loan documentation program, a borrower must have a good credit history, and other compensating factors, including a relatively low combined LTV ratio or other favorable underwriting factors, must be present." Further similar representations for each Certificate are set forth in Exhibits D through BB.

77. These representations were false. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced below.

D. The Defendants' Misrepresentations Regarding Owner-Occupancy Statistics

78. Owner-occupancy statistics were material to Allstate because high owner-occupancy rates should have made the Certificates safer investments than certificates backed by second homes or investment properties. Homeowners who reside in mortgaged properties are less likely to default than owners who purchase homes as investments or vacation homes.

79. The Offering Materials contained detailed statistics regarding the Mortgage Loans in the collateral pool, including the reported owner-occupancy characteristics of the Mortgage Loans. For example, in the Offering Materials for RALI 2007-QH6, it was claimed that among the 1,549 loans, 1,282 were purportedly owner-occupied properties. Further similar representations for each Certificate are set forth in Exhibits D through BB.

80. These representations were false. In truth, a much lower percentage of the loans were owner-occupied. Occupancy was being misrepresented first to get the borrower approved for the loan, then being misrepresented to investors to get the loan sold. A material amount of

the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, and other facts described below.

E. The Defendants' Misrepresentations Regarding Loan-to-Value Ratios

81. The loan-to-value ("LTV") ratio is the ratio of a mortgage loan's original principal balance to the appraised value of the mortgaged property. The related Combined LTV ("CLTV") takes into account other liens on the property (such as "second" mortgage and home equity loans). These ratios were material to Allstate and other investors because higher ratios are correlated with a higher risk of default. A borrower with a small equity position in a property has less to lose if he or she defaults on the loan. There is also a greater likelihood that a foreclosure will result in a loss for the lender if the borrower fully leveraged the property. These are common metrics for analysts and investors to evaluate the price and risk of mortgage-backed securities.

82. The Offering Materials contained detailed statistics regarding these ratios for the Mortgage Loans in the collateral pool. For example, the Offering Materials for RALI 2007-QH6 represented that the weighted-average loan-to-value ratio at origination was 73.89%. Similarly, the Offering Materials for RFMSII 2005-HS2 represented that no loan had a CLTV ratio greater than 100%. Further similar representations for each Certificate are set forth in Exhibits D through BB.

83. These representations were false. The underlying data was being manipulated in order to get loans approved, making the LTV and CLTV ratios baseless. The defendants did not genuinely believe the appraisal values used in these statistics because they knew that the property values were being artificially inflated in order to increase the amount of money that could be given to a borrower. The defendants had access to detailed information about the borrowers and

about all the loans the borrowers were receiving. The CLTV ratios also omitted the effect of additional liens on the underlying properties, rendering them even further from the truth. The defendants also misleadingly omitted that the disclosed statistics were baseless and that the appraisers were systematically pressured to inflate their appraisals. Thus, the defendants knew that the LTV and CLTV ratios were false and misleading. This is confirmed not only by the statements of a confidential witness who worked within GMAC and testimony showing widespread appraisal fraud, but by a loan-level analysis of the specific Mortgage Loans at issue here, and other facts set forth below.

F. The Defendants' Misrepresentations Regarding the Sufficiency of Borrower Income

84. The sufficiency of a borrower's income to cover the mortgage payments is of facial importance to investors. One way this is measured is through the use of debt-to-income ratios. The Offering Materials represented that the underwriting process was designed to ensure that borrowers could afford the loan, and often made specific representations as to the borrower's debt-to-income ratios.

85. For example, the Offering Documents for RALI 2006-QA14 represented that mortgagers were generally (subject to limited exceptions) required to furnish "information regarding its assets, liabilities, income . . . , credit history and employment history, and to furnish an authorization to apply for a credit report . . ." Based on all of this data, "a determination" was to be made "that the mortgagor's monthly income" was sufficient 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." And the Offering Materials for GMACM 2005-HE1 represented that the weighted debt-to-income ratio was 38%,

and the loans were generally originated with a maximum ratio of 45%. Further similar representations for each Certificate are set forth in Exhibits D through BB.

86. These representations were false. The abandonment of sound underwriting practices facilitated the widespread falsification of these statistics within the Offering Materials. This abandonment is evidenced by all the facts set forth below, including Allstate's statistical analysis into the loans at issue here and statements provided by a confidential witness. In reality, the borrowers' claimed income was regularly inflated, such that the true debt-to-income ratios were materially higher than they were represented to be. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

G. The Defendants' Misrepresentations Regarding Credit Enhancements

87. Credit enhancement represents the amount of "cushion" or protection from loss exhibited by a given security. This cushion is intended to improve the likelihood that holders of highly-rated certificates receive the interest and principal they expect. The level of credit enhancement offered is based on the make-up of the loans in the underlying collateral pool. Riskier pools necessarily need higher levels of credit enhancement to ensure payment to senior certificate holders. Credit enhancements for a given trust also impact the overall credit rating a given tranche of certificates receives. The level of credit enhancement for the Certificates was material to Allstate because it represented the protection purportedly afforded from loss.

88. The Offering Materials represented that the Certificates had certain credit enhancements used to improve the likelihood that holders of such certificates would receive regular principal and interest payments thereon. For instance, the Offering Documents for RALI

2006-QO3 represented that "Credit enhancements for the offered certificates consists of: excess cash flow; overcollateralization; and subordination." And the Offering Materials for RFMSII 2005-HS2 represented: "Credit enhancements for the term notes consists of: excess interest; overcollateralization; and two financial guaranty insurance policies . . ."

89. "Excess cash flow," "excess interest," and "overcollateralization" all generally refer to the purported affects of including in the collateral pool more mortgage loans than would be strictly necessary to pay off all investors, assuming that every borrower made every payment on time. "Subordination" refers to the fact that, should loans become delinquent or default, not all investors are treated equally. Rather, generally, certain investors are paid out of what funds are available despite those losses first. Any leftover funds from what was actually received then "waterfall" into the next class of investors, and so on.

90. The representations regarding the purported credit enhancements were untrue and misleading. All of the purported "enhancements" depended on or derived from the false representations regarding the quality of the Mortgage Loans underlying the Certificates. Highly risky, misrepresented loans piled on top of other highly risky, misrepresented loans is not a true "enhancement" as represented.

H. <u>The Defendants' Misrepresentations Regarding Credit Ratings</u>

91. Each of the Certificates received a rating purportedly indicating the rating agencies' view of the risk profile of the securities. The initial and current ratings given to each Certificate are contained in Exhibit C. The ratings were material to reasonable investors, including Allstate, because the ratings provide additional assurances that the investors would receive the expected interest and principal payments. But for the provision of these ratings, the Certificates would have been unmarketable to many institutional investors such as Allstate, and likely would not have been issued.

92. The Offering Materials represented that the rating agencies conducted an analysis designed to assess the likelihood of delinquencies and defaults in the underlying mortgage pools. For example, the Offering Materials for RALI 2006-QA14 represented: "When issued, the offered certificates will receive ratings which are not lower than those listed in the table . . . The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Further similar representations for each Certificate are set forth in Exhibits D through BB.

93. These representations were false and misleading. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans (including the same statistics and other representations discussed herein), as evidenced by a statistical analysis of the Mortgage Loans at issue here. This made representations regarding the ratings process false (as a rigged process is not designed to "address the likelihood that holders" would receive distributions), and rendered the "ratings" themselves similarly false and misleading (as they only represented the credit rating agencies' analysis of a non-existent mortgage pool that had no relation to that truly underlying Allstate's Certificates).

I. Documentary Basis for the Loan Approval

94. Whether the information in a loan file was fully documented, or whether it was instead approved pursuant to a reduced or no-documentation procedure, was material to Allstate. Reduced-documentation loans are riskier because the borrower provides less substantiating information for criteria such as his or her income and assets. With less confirmation, it is more likely that there are errors or misrepresentations in the loan file.

95. The Offering Materials contained detailed statistics regarding the documentation procedures purportedly used for the Mortgage Loans. For example, the Offering Materials for RFMSII 2006-HI4 represented that 5,223 of the 5,513 loans were based on "full documentation,"

while only 16 were based on "no documentation." Further similar representations for each Certificate are set forth in Exhibits D through BB.

96. These representations were false. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

III. EVIDENCE THAT ALL OF THE DEFENDANTS' REPRESENTATIONS WERE UNTRUE AND MISLEADING

97. The Mortgage Loans were not originated according to the underwriting standards disclosed in the relevant Offering Materials. Instead of focusing on assessing an applicant's credit standing and repayment ability, the defendants subordinated loan quality to the goal of originating and securitizing as many loans as possible to generate fees in the secondary mortgage market. That the disclosed underwriting standards were systematically ignored rendered all of the above representations false or misleading at the time they were made.

98. The representations regarding the underwriting processes, underwriting quality, loan selection, and use of exceptions were untrue. The loans did not comply with the underwriting standards the Offering Materials described, as those standards were systemically ignored. In originating or acquiring the loans, the defendants ignored borrowers' actual repayment ability and the value and adequacy of mortgaged property used as collateral in issuing loans. Systematic, bulk exceptions were used without consideration of any compensating factors. The defendants also misleadingly omitted that the defendants were systematically abusing "exceptions" in order to further circumvent their purported underwriting standards.

99. The defendants' representations regarding the underwriting and due diligence processes were made even more misleading by their fraudulent omission of information

regarding the number of rejected loans that that process did identify, and the high number of such loans that were "waived" into the collateral pools anyway.

100. The representations regarding owner-occupancy and the sufficiency of the borrower's income were untrue. The abandonment of sound underwriting practices facilitated the widespread falsification of these statistics within the Mortgage Loans. In reality, a far greater percentage of properties were not owner-occupied, and the borrowers' claimed income was regularly inflated. The defendants also failed to disclose that the representations were baseless.

101. The representations regarding loan-to-value and combined loan-to-value ratios were untrue. The defendants did not genuinely believe the appraisal values used in these statistics because they knew that the property values were being artificially and baselessly inflated in order to increase the amount of money that could be given to a borrower. The CLTV ratios also omitted the effect of additional liens on the underlying properties, rendering them even further from the truth. Additionally, the defendants misleadingly omitted that the disclosed statistics were baseless and that appraisers were systematically pressured to inflate their appraisals.

102. The representations regarding the purported credit enhancements were untrue and misleading. All of the purported "enhancements" depended on or derived from the (false) representations regarding the quality of the Mortgage Loans. Highly risky, misrepresented loans piled on top of other highly risky, misrepresented loans is not a true "enhancement" as represented. Even representations regarding the presence of such enhancements as insurance or similar agreements with third parties was misleading, in that the defendants' fraudulently omitted to disclose that, on information and belief, they procured those contracts making similar

misrepresentations as the defendants made to Allstate, calling into doubt whether their terms will ultimately be honored.

103. The representations regarding the credit ratings were also untrue. The defendants fed baseless loan statistics to the credit rating agencies, essentially pre-determining the ratings that would be given. The use of baseless statistics also made representations about the ratings process being designed to assess credit risk false, as the entire ratings process was rigged from the start through the use of incorrect data. The defendants thus did not genuinely believe that the ratings the agencies assigned to these Certificates reflected their actual risk.

A. Evidence of the Securities' High Default Rates and Plummeting Credit Ratings

104. The drastic rise in default rates on the Mortgage Loans underlying Allstate's Certificates is itself cogent evidence of faulty underwriting. Absent fraud, even in the face of a mortgage crisis, true AAA paper with adequate credit protection should not have experienced the drastic loss in value that was experienced by most of the Certificates.

105. Even though the Certificates were supposed to be long-term, stable investments, just years after their issuance, the underlying Mortgage Loans have already shown serious deterioration in performance. For instance, for RALI 2007-QH6, ***55% of the loans from the original pool have either already had to be written off at a loss or are currently delinquent.*** Similarly, for RAMP 2006-RS3, RAMP 2006-RZ3, RFMSII 2007-HSA2, and RFMSII 2007-HSA3, ***over 40% of the loans from each deal's original pool have either already had to be written off at a loss or are currently delinquent.***

106. Overall, approximately ***24% of the original Mortgage Loans have already had to be written off at a loss***, and of the remaining loans, approximately ***25% are currently delinquent.***

107. Relatedly, the ratings given to the Certificates have significantly deteriorated. Most of Allstate's investments initially received the highest possible ratings – S&P's AAA rating or their equivalent from the other rating agencies. According to S&P's website: "An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong." Moody's similarly describes its highest rating, Aaa, as meaning that the investment is "judged to be of the highest quality, with minimal credit risk." These are the same ratings typically given to bonds backed by the full faith and credit of the United States government, such as treasury bills. Historically, an AAA rated security had an expected loss rate of less than .05%.

108. Because of the high delinquency and default rates and other factors, most of Allstate's Certificates have been downgraded from the highest possible ratings to junk-bond ratings. ***Despite two-thirds of the purchases being for Certificates that had the same rating given to treasury bills (i.e., AAA), currently over 75% of the purchases are backed by Certificates currently rated by at least one of the major agencies as being non-investment grade***. Indeed, ***over half have fallen even further***, falling into the "C" and "D" ranges of the agencies' scales. According to S&P's website, far from having the "extremely strong capacity" to meet commitments required by AAA-rated investments, instead these ratings now indicate that the Certificates are "***currently vulnerable*** and dependent on favorable business, financial and economic conditions to meet financial commitments."

109. The ratings history for the Certificates is set forth in Exhibit C. Most downgrading actions take place after March 2008, and the most serious downgrades (i.e., to non-investment grade) did not take place until mid-2008 or later.

110. The drastic rise in default rates on the Mortgage Loans underlying Allstate's Certificates reflects the defendants' faulty underwriting. The Certificates were supposed to be long-term, stable investments, yet they have already experienced payment problems significantly beyond what was expected for loan pools that were properly underwritten and that contained loans that actually had the characteristics the Offering Materials claimed.

111. It is usually a large and unexpected disruption to a borrower's income that causes an actual payment default. In a properly underwritten pool of loans, one would thus not expect to see a large spike of defaults occurring shortly after origination, since it is unlikely that many borrowers would all incur a sudden and unexpected change to their payment ability so soon after purchasing a home.

112. Indeed, economic studies have confirmed that high default rates early in a loan's life are highly correlated with misrepresentations in the loan files. This makes sense – as borrowers are put in loan products they cannot actually afford, they quickly and predictably fall behind on their payments. For instance, the F.B.I. studied three million residential mortgages that found that between ***30% and 70% of early payment defaults were linked to significant misrepresentations in the original loan applications***. Loans containing egregious misrepresentations were ***five times*** as likely to default in the first six months than loans that did not. The FCIC's "examination found [at xxii], according to one measure, that the percentage of borrowers who defaulted on their mortgages within just a matter of months after taking a loan ***nearly doubled from the summer of 2006 to late 2007***. This data indicates they likely took out mortgages that they ***never had the capacity or intention to repay***." (Emphasis added).

113. In short, the dismal performance of the Mortgage Loans is itself strong evidence that they were improperly underwritten, and that they did not have the credit risk characteristics

the Offering Materials claimed. The defaults and related drop in value thus are due to the defendants' wrongdoing, and not due to the general change in economic conditions.

B. Loan-Level Evidence That Borrowers Did Not Actually Occupy the Mortgage Properties as Represented

114. As above, the defendants repeatedly represented that the loan pools underlying the Certificates had high percentages of loans issued to borrowers that were living in the mortgaged properties. The Certificates here were in fact backed by Mortgage Loans that had a far higher percentage of non-owner occupied properties.

115. According to a January 2011 *Business Week* report, loan files often misrepresented the owner-occupancy status of the mortgaged properties. The study, which looked at a loan's history for 16 months before labeling it "misreported," found that 23% of mortgages that were securitized as being "owner occupied" were either never moved into or were quickly vacated by the borrower.

116. Allstate need not rely solely on such industry-wide studies to support its allegation that the Mortgage Loans here were misrepresented. Allstate selected a random sample of the specific loans underlying the Certificates here to test the defendants' representations on a loan-level basis. Using techniques and methodologies that only recently became available to investors, Allstate conducted loan-level analyses on over 30,000 Mortgage Loans underlying its Certificates.

117. For each offering tested, Allstate attempted to analyze 800 defaulted loans and 800 randomly-sampled loans from within the collateral pool. Where the loan pool contained fewer than 1,600 loans, Allstate tested every loan associated with that transaction.

118. These sample sizes are more than sufficient to provide statistically-significant data to demonstrate the degree of misrepresentation of the Mortgage Loans' characteristics.

Analyzing data for each Mortgage Loan in each Offering would have been cost-prohibitive and unnecessary for purposes of Allstate's complaint. Statistical sampling is an accepted method of establishing reliable conclusions about broader data sets, and is routinely used by courts, government agencies, and private businesses. As the size of a sample increases, the reliability of its estimations of the total population's characteristics increase as well. Experts in RMBS cases have found that a sample size of just 400 loans can provide statistically significant data, regardless of the size of the actual loan pool, because it is unlikely that so large a sample would yield results vastly different from results for the entire population.

119. To determine whether a given borrower actually occupied the property as claimed, Allstate investigated tax information for the sampled loans. One would expect that a borrower residing at a property would have the tax bills sent to that address, and would take all applicable tax exemptions available to residents of that property. If a borrower had his or her tax records sent to another address, that is good evidence that that borrower was not actually residing at the mortgaged property. If a borrower declined to make certain tax exemption elections that depend on the borrower living at the property, that also is strong evidence the borrower was living elsewhere.

120. A review of credit records was also conducted. One would expect that people have bills sent to their primary address. If a borrower was telling creditors to send bills to another address, even six months after buying the property, it is good evidence the borrower was living elsewhere.

121. A review of property records was also conducted. It is less likely that a borrower lives in any one property if in fact that borrower owns multiple properties. It is even less likely

the borrower resides at the mortgaged property if a concurrently-owned separate property did not have its own tax bills sent to the property included in the mortgage pool.

122. A review of other lien records was also conducted. If the property was subject to additional liens but those materials were sent elsewhere, that is good evidence the borrower was not living at the mortgaged property. If the other lien involved a conflicting declaration of residency, that too would be good evidence that the borrower did not live in the subject property.

123. Though the availability to gather such information for large numbers of loans and run these tests was only recently made available to investors like Allstate, these tests draw from data contemporaneous with the transactions at issue. They thus are evidence that a then-existing fact – owner occupancy – was misrepresented. Further, even though this recently-available technique draws on contemporaneous information, and thus provides a robust 'test' of the defendants' representations for pleading purposes – it still does not represent the level of information that was uniquely in defendants' control, such as the loan files. As above, Allstate did not and does not have access to the loan files.

124. The results of Allstate's loan-level analysis of true owner-occupancy rates on the Mortgage Loans underlying its Certificates are set forth below and are further detailed in Exhibits D through BB. Failing multiple of the above tests is strong evidence the borrower did not in fact reside at the mortgaged properties. These statistics thus show that, despite the defendants' representations, a much higher percentage of borrowers did not occupy the mortgaged properties:

Asset	Percentage of Owner-Occupied Properties in Prospectus	Actual Percentage of Owner-Occupied Properties	Prospectus Overstatement
RALI 2005-QA2	81.5%	71.3%	10.2%
RALI 2005-QS6	67.3%	57.0%	10.3%

Asset	Percentage of Owner-Occupied Properties in Prospectus	Actual Percentage of Owner-Occupied Properties	Prospectus Overstatement
RALI 2006-QO3	84.7%	73.1%	11.5%
RALI 2006-QS14	73.0%	62.3%	10.7%
RALI 2007-QH6	82.8%	66.7%	16.1%
RAMP 2004-RZ4	85.4%	74.7%	10.7%
RAMP 2004-RZ2	85.0%	75.4%	9.5%
RAMP 2005-RS4	74.1%	64.2%	9.9%
RAMP 2006-RS3	57.5%	48.7%	8.8%
RASC 2005-KS3	91.1%	80.7%	10.43%
RASC 2005-KS4	90.4%	79.6%	10.7%
RFMSI 2005-S8	97.0%	85.2%	11.9%
RFMSI 2006-S6	96.2%	82.4%	13.8%
RFMSII 2005-HI3	100%	93.6%	6.4%
RFMSII 2005-HS2	92.9%	83.9%	9.0%
RFMSII 2005-HSA1	90.3%	78.9%	11.4%
RFMSII 2006-HI5	99.7%	92.0%	7.7%
RFMSII 2007-HI1	99.3%	91.8%	7.50%
RFMSII 2007-HSA2	77.4%	66.7%	10.6%
RFMSII 2007-HSA3	81.7%	70.4%	11.3%

125. The facts alleged in this complaint show the defendants' problems were systemic, and such is confirmed by the consistency of the results set forth above – the results of reviewing over 30,000 loans across twenty of the twenty-five Certificates at issue here. The untested Certificates involved the same parties, the same affiliated originators, nearly identical disclosures, and both the underlying loans and the certificates themselves were being generated around the same time purportedly according to the same processes. As such, on information and belief, the Offering Materials for the Certificates that Allstate was not able to test on a loan-level basis also misrepresented the owner-occupancy information at approximately the same, material rate as seen in the large sample of Certificates discussed above.

C. Loan-Level, Independent Evidence That the LTV Ratios Were Materially Misrepresented

126. As above, the defendants made representations about the Mortgage Loans' LTV and CLTV ratios. These ratios compare the amount of the loan to the value of the mortgaged property, theoretically calculated using an appraisal process. An inflated appraisal would thus directly result in false and misleading LTV and CLTV ratios.

127. Using techniques and methodologies that only recently became available to investors, Allstate had the underlying property valued, using data contemporaneous with the original valuation the defendants would have done, by an industry-standard automated valuation model ("AVM"). AVMs are routinely used in the industry as a way of valuing properties during prequalification, origination, portfolio review, and servicing. AVMs have become so ubiquitous that their testing and use is specifically outlined in regulatory guidance, and is discussed in the Dodd-Frank Act. 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. The AVM that Allstate used incorporates a database of 500 million mortgage transactions covering zip codes that represent more than 97% of the homes, occupied by more than 99% of the population, in the United States. Independent testing services have determined that this AVM is the most accurate of all such models.

128. The results of this analysis for each Certificate tested is set forth in Exhibits D through BB. Applying the AVM to the available data for the loans underlying the Certificates shows that the value used by the defendants in the represented LTVs were materially and consistently inflated. This caused the disclosed LTV and CLTV ratios to be lower than they really were, i.e., the owners were represented to have more of an equity "cushion" than they

really did, and the prospects for recovery of any funds upon a foreclosure were represented to be much higher than they really were.

129. As with owner-occupancy, though the availability to gather such information and run these tests was only recently made available to investors like Allstate, these tests draw from data contemporaneous with the transactions at issue. They thus are evidence that the LTV and CLTV ratios were misrepresented at the time the representations were made, but still do not represent the level of information that was uniquely in defendants' control, such as the loan files. As above, Allstate did not and does not have access to the loan files.

130. Overall, for those tested Offering Materials that focused on LTV (rather than CLTV) statistics, 37% of the loans sampled had recalculated LTV ratios understated by more than 10%, and ***12% of the loans sampled had LTV ratios understated by more than 25%.*** This overvaluation affected numerous statistics in the Offering Materials.

131. For instance, the Offering Materials made representations about the percent of loans that had LTVs higher than 90%. LTVs in excess of 90% provide the lender little value cushion to protect against borrower default and loss upon foreclosure. However, the AVM indicates that a much higher percentage of the loans had LTVs higher than 90%:

Asset	Percentage of Loans Represented to Have LTVs Greater than 90%	Actual Percentage of Loans With LTVs Greater than 90%	Prospectus Understatement of Percent of Loans With High LTVs
RALI 2005-QA2	1.55%	18.94%	17.39%
RALI 2005-QS6	8.63%	29.25%	20.62%
RALI 2006-QO3	1.42%	32.77%	31.35%
RALI 2006-QS14	4.36%	30.96%	26.60%
RALI 2007-QH6	2.07%	53.62%	51.55%
RAMP 2006-RS3	14.14%	44.43%	30.29%
RASC 2005-KS3	19.04%	47.65%	28.61%
RASC 2005-KS4	17.53%	45.33%	27.80%
RFMSI 2005-S8	2.33%	18.12%	15.79%
RFMSI 2006-S6	0.42%	21.03%	20.61%

132. The Offering Materials also made representations about how many of the Mortgage Loans had LTV ratios greater than 100 percent, meaning the size of the loan is greater than the value of the property. (This is known as being "underwater," where a borrower owes more on the property than it is worth.) Loans with over 100% LTV afford the lender no equity cushion and leave the lender with inadequate collateral from the outset of the loan. Allstate's analysis has found that, despite the defendants representations, a substantial number of the Mortgage Loans had LTVs greater than 100%:

Asset	Percentage of Loans Represented to Have LTVs Greater than 100%	Actual Percentage of Loans With LTVs Greater than 100%	Prospectus Understatement of Percent of Loans Already Underwater
RALI 2005-QA2	0%	6.94%	6.94%
RALI 2005-QS6	0%	12.80%	12.80%
RALI 2006-QO3	0%	13.36%	13.36%
RALI 2006-QS14	0%	15.23%	15.23%
RALI 2007-QH6	0%	28.60%	28.60%
RAMP 2004-RZ4	54.41%	68.96%	14.55%
RAMP 2004-RZ2	55.65%	62.31%	6.66%
RAMP 2005-RS4	2.24%	46.31%	44.07%
RAMP 2006-RS3	0%	23.25%	23.25%
RASC 2005-KS3	0%	24.49%	24.49%
RASC 2005-KS4	0%	23.59%	23.59%
RFMSI 2005-S8	0%	7.00%	7.00%
RFMSI 2006-S6	0%	9.79%	9.79%

133. Allstate has also analyzed the weighted average LTV of the Mortgage Loans in each pool and has found that the weighted average LTV was also understated:

Asset	Represented Weighted Average LTV	Actual Weighted Average LTV	Prospectus Understatement
RALI 2005-QA2	76.93%	81.89%	4.96%
RALI 2005-QS6	77.32%	83.46%	6.14%
RALI 2006-QO3	74.31%	85.79%	11.48%
RALI 2006-QS14	77.46%	84.92%	7.46%

Asset	Represented Weighted Average LTV	Actual Weighted Average LTV	Prospectus Understatement
RALI 2007-QH6	73.89%	91.94%	18.05%
RAMP 2004-RZ4	102.19%	106.81%	4.62%
RAMP 2004-RZ2	102.13%	104.03%	1.9%
RAMP 2005-RS4	93.55%	100.07%	6.52%
RAMP 2006-RS3	80.22%	92.07%	11.85%
RASC 2005-KS3	82.31%	89.09%	6.78%
RASC 2005-KS4	83.03%	88.79%	5.76%
RFMSI 2005-S8	68.73%	75.59%	6.86%
RFMSI 2006-S6	69.98%	81.16%	11.18%

134. Other Offering Materials, particularly for those deals with large numbers of second-lien loans, also focused on the CLTV statistics of the underlying loans. This is because the quality of such a loan should take into account the pre-existing "senior" lien on the property, as that eats into the owner's equity and has to be paid first upon foreclosure. (Deals that purport to not contain many loans subject to a second lien often do not contain CLTV representations.) As with the LTV statistics, the defendants misrepresented the CLTV statistics, seriously understating the riskiness of the Mortgage Loans underlying the Certificates.

135. Overall, for those Offering Materials that focused on CLTV statistics, 49% of the loans sampled had recalculated CLTV ratios of more than 10% higher than what was claimed in the Offering Materials, and ***18% of the loans sampled had CLTV ratios understated by more than 25%***. This overvaluation affected numerous statistics in the Offering Materials.

136. Certain Offering Materials made representations about the percent of loans that had CLTVs higher than 100%. Just as with LTVs, CLTVs in excess of 100% provide the lender no cushion to protect against borrower default and loss upon foreclosure. Using both the AVM to recalculate the value of the property and researching the existence of additional, hidden liens revealed that a much higher percentage of the loans had CLTVs higher than 100%:

Asset	Percentage of Loans Represented to Have CLTVs Greater than 100%	Actual Percentage of Loans With CLTVs Greater than 100%	Prospectus Understatement of Percent of Loans Already Underwater
RFMSII 2005-HS2	0%	50.05%	50.05%
RFMSII 2005-HSA1	0%	52.11%	52.11%
RFMSII 2006-HI5	85.21%	87.21%	2.00%
RFMSII 2007-HI1	90.66%	93.76%	3.10%
RFMSII 2007-HSA2	0%	62.22%	62.22%
RFMSII 2007-HSA3	0%	64.85%	64.85%

137. Even when the Offering Materials disclosed that the Mortgage Loans had high CLTV ratios, it significantly understated *how* high. For instance, as above the Offering Materials for RFMSII 2006-HI5 and 2007-HI1 "only" understated the number of loans underwater by 2-3%. But that is only part of the story. In these instances, the Offering Materials represented that less than ten loans out of each pool had a CLTV ratio higher than 125%. Yet the true ***weighted average for both deals was over 125%.*** For RFMSII 2007-HI1, ***over half of the loans had their CLTVs materially understated, with nearly a fifth being understated by more than 25%.*** Thus, even when certain Offering Materials disclosed that some loans were underwater, they still materially misrepresented how much of the collateral pool was underwater, *and* how far underwater those loans were.

138. The Offering Materials similarly misrepresented the weighted-average of the CLTVs:

Asset	Represented Weighted Average CLTV	Actual Weighted Average CLTV	Prospectus Understatement
RFMSII 2005-HI3	117.76%	129.40%	11.64%
RFMSII 2005-HS2	91.45%	101.71%	10.26%
RFMSII 2005-HSA1	91.98%	104.21%	12.23%
RFMSII 2006-HI5	114.81%	126.53%	11.72%
RFMSII 2007-HI1	117.32%	131.00%	13.68%
RFMSII 2007-HSA2	93.60%	107.31%	13.71%
RFMSII 2007-HSA3	91.98%	108.20%	16.22%

139. The defendants did not genuinely believe the appraised values were reasonable estimations of the properties' values at the time they were given. The defendants knew that the appraisals were being inflated to allow borrowers to be approved for loans that they could not afford. As such, they knew the LTV and CLTV statistics were baseless. Further, the CLTV statistics above were inflated in part because of the presence of hidden liens, which do not turn on any purported difference in the appraisal "opinion."

140. The facts alleged in this complaint show the defendants' problems were systemic, and such is confirmed by the consistency of the results set forth above – the results of reviewing over 30,000 loans across twenty of the twenty-five Certificates at issue here. The untested Certificates involved the same parties, the same affiliated originators, nearly identical disclosures, and both the underlying loans and the certificates themselves were being generated around the same time purportedly according to the same processes. As such, on information and belief, the Offering Materials for the Certificates that Allstate was not able to test on a loan-level basis also misrepresented the LTV and CLTV statistics at approximately the same, material rate as seen in the large sample of Certificates discussed above.

D. Evidence From A Former Senior Underwriter That GMAC Accepted Absurd Income Claims

141. According to CW4, a former Senior Underwriter at GMAC, the share of "stated income" loans went up in the 2004-2007 time frame. CW4 "hated" these, which "drove [CW4] insane," because CW4 "had to accept" whatever income was given. CW4 gave an example of a city bus driver that provided a stated income of $9,000 *per month*. As below, a review by the defendants' own insurer, of defendants' loan files at issue here, found similar, numerous problems infected Allstate's Certificates.

142. According to CW4, only a human could really judge the facial reasonableness of a "stated income" amount as against the claimed occupation. Nonetheless, according to CW4, GMAC relied on its automated systems to underwrite stated-income loans, and there was no system in place for otherwise evaluating the reasonableness of the income claims.

143. When CW4 raised such concerns, CW4's supervisor responded that 'this is what we pay you to do.' CW4 felt that "short of walking out, we didn't have a choice."

E. Evidence From the Defendants' Own Insurers' Review of Loan Files at Issue Here

144. MBIA Insurance Corporation had access to some of the complete loan files for certain of the defendants' securitizations – including some of the Certificates at issue here. Its analyses – the first part of which was only made public in December 2008 – provides additional strong evidence that essential characteristics of the Mortgage Loans underlying the Certificates were misrepresented, and that the problems in the defendants' underwriting practices were systemic.

145. MBIA is a monoline insurer that wrote insurance on certain Residential Funding and GMAC mortgage-backed securities. MBIA conducted an investigation into certain loan files after it was asked to make payments on its insurance policies. MBIA's analysis included at least two deals that Allstate invested in: RFMSII 2007-HSA2 and RFMSII 2007-HSA3. The other deals that MBIA analyzed are also probative of problems underlying Allstate's Certificates because the defendants' problems were systemic, and because the collateral pools for the securitizations that MBIA investigated were composed of the same type of collateral underlying some of Allstate's Certificates.

146. In carrying out its review of the approximately 12,000 Residential Funding/GMAC loan files – ***including loans that were securitized and sold to Allstate*** – MBIA

found that ***88% of the defaulted or delinquent loans in those securitizations contained material deviations from the stated underwriting guidelines.*** MBIA's report showed that a material number of mortgage loans included in the mortgage loan pools underlying the securitizations were made to borrowers who could not reasonably have expected to be able to repay the mortgage loans, and the risks inherent in the portfolios was significantly higher than as represented. Indeed, ***MBIA claims that Residential Funding admitted to it that it knew mortgage loan pools failed to comply with Residential Funding's guidelines.***

147. MBIA also found that "there were fundamental, material, and consistent violations of [Residential Funding's] underwriting guidelines and policies in connection with the underwriting of the mortgage loans . . . The undisclosed and misrepresented risks were pervasive throughout the mortgage loan portfolios for the securitization transactions." Similarly, the results of its GMAC-focused review "made clear that GMAC Mortgage had wholly abandoned its own underwriting policies and instead routinely approved loans to borrowers who failed to meet basic risk criteria."

148. MBIA gave examples of individual loans that diverged from the stated underwriting guidelines. Below is just a small sample of the problems MBIA found, some of which came from the very loan files that were used to originate the loans pooled into the Certificates at issue here:

- "On November 30, 2006, a loan with a principal balance of $140,000 was made to a borrower in Newton, Massachusetts on a property with an original appraisal value of $740,000 and a senior loan balance of $513,567. The property subject to the loan was a non-owner occupied investment property. The borrower stated his income to be $41,666 per month ($500,000 per year) as the owner of a Wine/Spirits store. Further, the borrower did not demonstrate any liquid assets. The stated income was unreasonable based on the borrower's employment and not substantiated by the borrower's credit/asset profile. Notably, the borrower filed for bankruptcy in 2007 in connection with which the borrower

claimed to have earned $0.00 for 2006. Further, the appraisal indicated the property failed to conform to legal standards and the loan file lacked any letter from the local authority regarding rebuilding. RFC Underwriting Guidelines require verification of 6 months of reserves for the monthly Principle, Interest, Taxes and Insurance ('PITI') payments for stated income loans on non-owner occupied investment properties yet there is no indication in the loan files that these reserves were identified or verified. Finally, RFC guidelines limit loans under the non-owner occupied loan program to $100,000, $40,000 less than was loaned. (Loan # 11169067 – 2007-HSA2)."

- "On March 16, 2007, a loan with a principal balance of $40,000 was made to a borrower in Bradenton, Florida on a property with an original appraisal value of $440,000 and a senior loan balance of $328,000. The borrower is retired and receives a fixed income that was stated as $6,450 per month. The borrower's FICO credit score of 688 required the DTI for the loan not to exceed 45%, however, the borrower's DTI was 55.93%. Because the borrower receives a fixed income, the borrower does not meet the residual income requirements for a higher DTI under RFC's Underwriting Guidelines. Further, the loan file lacks any evidence of 2 months of PITI reserves as required by RFC's Underwriting Guidelines. (Loan # 11434381 – 2007-HSA3)."

- "On November 12, 2006, a loan with a principal balance of $135,000.00 was made to a borrower in Scottsdale, Arizona on a property with an original appraisal value of $540,000.00 and a senior loan balance of $405,000.00. The borrower stated income of $11,000 per month as a sales manager at a concrete company, however, the borrower could only demonstrate assets of $11,491. The stated income was unreasonable based on the borrower's employment and not substantiated by the borrower's credit/asset profile. Notably, the borrower filed for bankruptcy in 2008 in connection with which the borrower claimed to have actually earned $43,523 for 2006 and $20,401 for 2007. Additionally, the bank account used to verify the borrower's reserves is actually held in the name of the loan officer that issued the loan. (Loan # 11165457 – 2007-HSA3)."

- "On April 20, 2007, a loan in the amount of $40,000 was made to co-borrowers in Vernon, New Jersey on a property with an original appraisal value of $305,000 and a senior loan balance of $244,000. The loan file is incomplete and lacks, among other documents, verbal verification of either borrower's employment, evidence of sufficient closing funds and reserves, an appraisal, a copy of the note from the senior lien, and the borrowers' credit reports. Further, the loan was approved even though the income stated by each borrower was unreasonable. One claimed to earn $4,583 per month as a counter manager at a discount tire store though, for example, salary.com, a website which maintains a national salary database based on job title and zip code, reports that the income at the 90th

percentile for such a position is only $2,801 per month. The second borrower claimed to earn $59,592 annually as a sales associate at a home improvement store, but an income verification database showed that the borrower earned only $28,092 in 2006 and $32,977 in 2007. The loan has been charged-off. (Loan # 1000117685 – [GMAC] 2006 Transaction.)"

- "On January 23, 2007, a loan with a principal balance of $100,000 was made to a borrower in Yuma, Arizona on a property with an original appraisal value of $298,000 and a senior loan balance of $129,035. The borrowers claimed on their loan application that their combined income was $113,520 per year. However, on May 12, 2009, the borrowers jointly filed for bankruptcy under Chapter 7, and their court filings indicated that they earned only $13,085 in 2007 and $17,650 in 2008. Moreover, no record of the borrower's claimed employer can be located on websites commonly used to verify the existence of a business: manta.com or yellowpages.com. The loan has been charged-off. (Loan # 8254730412 – [GMAC] 2007 Transaction.)"

149. In short, in its review of Residential loan files – files that underlie some of the Certificates at issue here – Residential Funding's own insurer found:

- "A significant number of mortgage loans have DTI ratios far in excess of RFC's Underwriting Guidelines, have CLTV ratios far in excess of RFC's Underwriting Guidelines and were made on the basis of 'stated incomes' that were grossly unreasonable."

- "[C]ontrary to RFC's Underwriting Guidelines, RFC failed, with respect to a significant number of mortgage loans, to verify employment for mortgage loan borrowers where required to do so, failed to verify prior rental or mortgage payment history, approved mortgage loans with ineligible collateral, approved mortgage loans to borrowers with credit scores that are ineligible under the Underwriting Guidelines and closed mortgage loans without verifying that the borrower had sufficient funds or reserves as required by the Underwriting Guidelines."

- "Numerous mortgage loan files are missing necessary mortgage loan documents and are missing certain disclosures, such as disclosures relating to loan transfers, which are necessary under applicable law."

- "RFC even contributed mortgage loans to the mortgage loan pools that violated either, or both, the federal Home Ownership and Equity Protection Act ('HOEPA') and state predatory lending laws . . . RFC's failure to identify HOEPA violations indicates that RFC failed to perform the calculation, incompetently performed the calculation or performed the calculation but purposely ignored the result."

150. Similarly, MBIA's review of GMAC's loan files found that, among other things:

- "GMAC Mortgage egregiously and routinely breached its representation and warranty that the mortgage loans were underwritten generally in compliance with GMAC Mortgage's underwriting standards."
- "A significant number of mortgage loans were made on the basis of 'stated incomes' that were grossly unreasonable or were approved despite DTI or CLTV ratios in excess of the cut-offs stated in GMAC Mortgage's Underwriting Guidelines or the Purchase Agreements or Prospectus Supplements."
- "Moreover, contrary to its Underwriting Guidelines, GMAC Mortgage failed in many cases to verify the borrower's employment when required to do so or to verify prior rental or mortgage payment history, approved mortgage loans with ineligible collateral, approved mortgage loans to borrowers with ineligible credit scores, and approved loans without verifying that the borrower had sufficient funds or reserves."
- "GMAC Mortgage used its proprietary automated electronic loan underwriting program, known as 'Assetwise,' to approve loans that did not comply with its Underwriting Guidelines . . . Assetwise, however, failed to analyze proposed mortgage loans using the criteria set forth in GMAC Mortgage's Underwriting Guidelines."
- "The vast majority of mortgage loan files are missing necessary mortgage loan documents, such as disclosures relating to loan transfers and notes establishing the first lien."
- "GMAC Mortgage . . . furnish[ed] . . . mortgage loans to the pools that violated state predatory lending laws. These laws are designed to protect borrowers from abusive lending practices by, for example, prohibiting the approval of a loan to a borrower who lacks the ability to repay."

151. MBIA reviewed loans associated with some of the very deals at issue here. Even for deals that were not identical, some were in the same series of offerings – for instance MBIA analyzed GMACM 2006-HE*4* (prospectus supplement dated September 25, 2006), while Allstate purchased certificates in GMACM 2006-HE*3* (prospectus supplement dated August 28, 2006). For the deals MBIA analyzed, the parties, structure, timing, and disclosures made all significantly overlapped with – if were not identical to – those present here. In addition, MBIA's findings are consistent with, and confirmed by, Allstate's statistical analyses of the Certificates

here, discussed above. Thus, on information and belief, all of the findings of the defendants' own insurer, made upon a review of the defendants' own loan files, apply equally to all of the Certificates at issue here.

F. Documentary and Testimonial Evidence that Due Diligence Flagged Many Problem Loans That Were "Waived In" Anyway

152. The defendants wore multiple hats in connection with the Offerings at issue here, acting in various capacities including sponsor and underwriter of the offered securities. In its overlapping capacities, and through their affiliates, they were was responsible for originating and purchasing large blocks of mortgage loans from third-party originators, repackaging those loans into securities, and selling the newly-created securities to investors like Allstate.

153. In connection with the purchase of the Mortgage Loans from the loan originators, and consistent with industry practice, the defendants performed due diligence to determine the quality of the Loans they were purchasing.

154. Specifically, on information and belief, the defendants operated quality assurance and risk management departments tasked with ensuring that loans met the stated guidelines. The defendants conducted due diligence on the loans included in each offering to ensure compliance with defendant-created or approved underwriting guidelines. To make this determination, the defendants employed a team of underwriters who reviewed a sample of the purchased loans to confirm that they both conformed with the representations made by the originators and complied with the defendants' own credit policies.

155. On information and belief, the defendants' own due diligence revealed that a significant percentage of loans purchased from their affiliated and even third-party originators failed to meet applicable underwriting standards, yet were provided unjustified exceptions. This is evidenced by the amount of defective loans Allstate's analysis, as well as that of the

defendants' own insurer, have found – as well as evidence from how underwriters who worked on these deals reacted when they outsourced their due diligence obligations.

156. Sometimes, the underwriters relied on outside firms to conduct the requisite due diligence. One of the largest such firms is Clayton. As the FCIC put it (at 166): "Because of the volume of loans examined by Clayton during the housing boom, the firm had a unique inside view of the underwriting standards that originators were actually applying – and that securitizers were willing to accept."

157. For each loan pool they were hired to review, Clayton checked for: (1) adherence to seller-credit underwriting guidelines and client-risk tolerances; (2) compliance with federal, state and local regulatory laws; and (3) the integrity of electronic loan data provided by the seller to the prospective buyer. This review was commonly referred to as a "credit and compliance review." Contract underwriters reviewed the loan files, compared tape data with hard copy or scanned file data to verify loan information, identified discrepancies in key data points, and graded loans based on seller guidelines and client tolerances. This included answering such questions as whether the "loans meet the underwriting guidelines," "comply with federal and state laws, notably predatory-lending laws and truth-in-lending requirements," and "were the reported property values accurate." (FCIC Report at 166.) It also "critically" analyzed whether, to the extent a loan was deficient, there were any "compensating factors." (*Id.*)

158. Each day, Clayton generated reports that summarized its findings, including summaries of the loan files that failed to meet the relevant underwriting standards. This included giving loans three grades – a Grade 3 loan "failed to meet guidelines and were not approved." Importantly, these Grade 3 loans did not contain any "compensating factors." Tellingly, only 54% of the nearly one-million loans reviewed by Clayton "met guidelines," a number that its

former president admitted indicated "there [was] a quality control issue in the factory" for mortgage-backed securities.

159. Clayton Holdings performed work on Residential Funding and GMAC transactions. Indeed, most all of the unaffiliated underwriters for the Certificates here – including JPMorgan, Bear Stearns, Lehman Brothers, Citigroup, Barclays, Goldman Sachs, Credit Suisse, Banc of America Securities, Deutsche Bank, and Morgan Stanley – have been directly linked to Clayton Holdings through documents made public in September 2010 by the government's investigation into the financial crisis.

160. According to an internal Clayton Holdings "Trending Report" made public by the government in conjunction with testimony given in September 2010, many of the underwriters who handled the Certificates here routinely found that high percentages of the loans they underwrote were outside the given underwriting guidelines, but waived them in in large numbers anyway.

161. These high percentage of problem loans were identified despite, on information and belief, underwriters pressuring Clayton to provide reports in a very short time frame, and with only limited re-verification of data. Thus, on information and belief, the percent of loans that were truly problematic was in fact higher than the astounding rates Clayton's reports managed to discover.

162. With such high failure rates, the proper response would be to reject the pool outright, and seriously investigate whether that originator could be considered a trusted source of loans in the future. Even assuming the defendants incredibly believed the high rates could be chalked up to 'sampling error' (due to the fact that Clayton did not review every loan in a pool),

the proper response would be to increase the sample size to test that hypothesis or to cease doing business with the problematic originators. The defendants did neither.

163. As set forth above, there is ample evidence that the Mortgage Loans at issue here were not, in fact, properly underwritten. Indeed, the recent review of the loan files by MBIA demonstrated that the defendants' loan files were missing information and were full of other red flags. Many of those types of errors were exactly the type that the third-party due diligence firms were supposed to detect. The third-party due diligence reports that were generated here, then, would have showed high levels of loans being rejected, and similarly high levels of those flagged loans being waved in as set forth above.

164. JP Morgan, who was an underwriter in GMACM 2005-HE1 and GMACM 2006-HE3, was informed that 27% of the loans it had reviewed "failed to meet guidelines." It intervened to "waive" 51% of those rejected loans anyway. On information and belief, JP Morgan was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

165. Bear Stearns, who was an underwriter in RAMP 2004-RZ4, RAMP 2006-RZ3, RFMSII 2005-HS2, RFMSII 2005-HSA1, RFMSII 2005-HI3, RFMSII 2006-HI4, RFMSII 2007-HI1, GMACM 2005-HE1, and GMACM 2006-HE3, was informed that 16% of the loans it had reviewed "failed to meet guidelines." It intervened to "waive" 42% of those rejected loans anyway. On information and belief, Bear Sterns was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

166. Lehman Brothers, who was an underwriter in GMACM 2005-HE1, was informed that 26% of the loans it had reviewed "failed to meet guidelines." It intervened to "waive" 37% of those rejected loans anyway. On information and belief, Lehman Brothers was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

167. Citigroup, who was an underwriter in RALI 2005-QA2, RALI 2005-QS6, and RFMSI 2005-S8, RFMSII 2007-HSA2, was informed that 42% of the loans it had reviewed "failed to meet guidelines." Citigroup intervened to "waive" 31% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

168. Barclays, who was an underwriter in RALI 2006-QS14, was informed that 27% of the loans it had reviewed "failed to meet guidelines." It intervened to "waive" 28% of those rejected loans anyway. On information and belief, Barclays was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

169. Goldman Sachs, who was an underwriter in RALI 2006-QO3 and RALI 2007-QH6, was informed that 23% of the loans it had reviewed "failed to meet guidelines." Goldman Sachs intervened to "waive" 29% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and

similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

170. Credit Suisse, who was an underwriter in RASC 2005-KS4, RALI 2005-RS4, RFMSII 2005-HS1, RFMSII 2005-HSA1, RFMSII 2007-HSA3, and RFMSI 2006-S6, was informed that 32% of the loans it had reviewed "failed to meet guidelines." Credit Suisse intervened to "waive" 33% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

171. Bank of America, who was an underwriter in RAMP 2004-RZ2, RAMP 2006-RZ3, RFMSII 2005-HS2, RFMSII 2005-HSA1, and RFMSII 2005-HS1, was informed that 31% of the loans it had reviewed "failed to meet guidelines." Bank of America intervened to "waive" 27% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

172. Deutsche Bank, who was an underwriter in RFMSII 2006-HI5, was informed that 35% of the loans it had reviewed "failed to meet guidelines." Deutsche Bank intervened to "waive" 50% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

173. Morgan Stanley, who was an underwriter in RFMSI 2006-S6, was informed that 37% of the loans it had reviewed "failed to meet guidelines." Morgan Stanley intervened to "waive" 56% of those rejected loans anyway. On information and belief, it was similarly informed of the high number of problematic Mortgage Loans at issue here, and similarly wrongfully waived in high numbers of those loans into the loan pools underlying the mortgage-backed securities purchased by Allstate.

174. In sum, on information and belief, the underwriters' due diligence identified high numbers of problematic loans, but those loans were "waived" into the collateral pools at issue here at a materially high rate. The hidden "waiver" of rejected loans that were not subject to any compensating factors was a fraudulent omission, and rendered the disclosures regarding the underwriting and due diligence processes even more misleading. As the FCIC report concluded (at 167, 170) (emphasis added):

> [M]any prospectuses indicated that the loans in the pool either 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 Even loans were waived in.
>
> . . . .
>
> [O]ne could reasonably expect [the untested loans] to have many of the same deficiencies, at the same rate, as the sampled loans. ***Prospectuses for the ultimate investors in the mortgage-backed securities did not contain this information, or information on how few of the loans were reviewed, raising the question of whether the disclosures were materially misleading, in violation of the securities laws.***

G. Evidence That the Ratings Were Meaningless

175. The defendants fed the same misrepresentations found in the Offering Materials to the ratings agencies in an attempt to manufacture predetermined ratings. This not only rendered false the defendants' representations about how the ratings process really functioned,

but also assured that the ratings themselves in no way reflected the actual risk underlying the Certificates.

H. Evidence of Serious and Repeated Problems at the Affiliated Originator Homecomings Financial

176. As set forth above, many of the Mortgage Loans were generated by the defendants' affiliate, Homecomings Financial. It originated or acquired large portions of loans in all but two of the Certificates. For instance, in RALI 2006-QO3 it was responsible for 47.6% of the loans, and in RALI 2007-QH6 it was responsible for 43%. In twenty-three of the twenty-five transactions, it was responsible for at least 15% of the Mortgage Loans. It is thus in many respects the most pivotal originator at issue in this case, and evidence showing Homecomings Financial had problems at the origination stage is further evidence loans that loans included in Allstate's collateral pools were riskier than represented.

177. Not surprisingly given what is known about the actual Mortgage Loans at issue here, government investigations and statements provided by insiders in fact further confirm that the defendants' own originator was churning out problematic loans.

(1) Confidential witness: Automated system manipulated to obtain approvals

178. Confidential Witness 5 ("CW5") worked as a Regional Account Executive at Homecomings from 2003 to 2005, then worked in the Wholesale Lending Department within GMAC until early 2006. CW5 knew Correspondent Lending sales managers personally, and attended meetings with Residential Capital's Correspondent Lending personnel.

179. Part of CW5's duties included training loan brokers on how to use Homecomings' automated loan system. Based on CW5's personal experience, daily conversations with other Account Executives, automated Help Desk personnel, and others, according to CW5, *Account*

Executives were trained by senior management how to teach outside mortgage brokers how to manipulate borrower data to generate an approval.

180. According to CW5, training people on how to use the automated system involved "loading data in AssetWise with the intent of getting an approval. They could run it through a number of times with different data until it got an approval." Indeed, the automated system allowed multiple applications to be submitted on the same borrower. According to CW5, ***"there were brokers running [the automated system] twenty-five times for the same borrower."***

181. Even though brokers were trained on how to do this data manipulation, according to CW5 brokers sometimes would just fax their changes to Account Executives. However, as this would leave the Account Executive's user ID on the loan file, senior management tried to crack down on this practice. Rather than stressing how data manipulation should not take place at all, according to CW5, they simply wanted more training so the brokers could enter the data themselves, leaving less of a 'paper trail' leading back to the Account Executives.

182. However, because certain Account Executives did not want the social awkwardness of asking brokers to do the data entry themselves, according to CW5 many continued to perform the data changes on behalf of larger clients. Others simply would email the brokers instructions regarding the data changes, or talk them through the process on the phone.

183. In these ways, according to CW5, ***"there was complicity on the part of employees, a lot of employees, in manipulating AssetWise until loan applications were approved."*** According to CW5, ***"this was sanctioned behavior."***

184. Homecomings even had a Help Desk. Rather than being just for technical support, according to CW5, this desk was designed to inform brokers why a particular loan was

being denied by the automated program. An explanation was provided as to what minimum change would be required to generate an approval.

185. According to CW5, the most commonly manipulated data included income, assets, and debt-to-income ratios.

186. CW5 believes that Homecomings' underwriters could see all the prior versions of the loan applications put through the system. Thus, if the first application claimed a borrower was a carpenter making $6,000, they could see that even if the fifth claimed $16,000. According to CW5, underwriters could get "trapped by the guidelines." That is, even if they noticed that income levels were changing in such a way, because the automated system was generating an approval on the last version of the application, the underwriters would be told they could not decline the application.

187. According to CW5, in the 2004-2005 timeframe, the parent company RFC capped the percentage of loans that could be generated using "full documentation" procedures. It made a push to increase loan volumes elsewhere because "that's where the profits were" and wanted the loans for its mortgage-backed securities operations. Around 2004 and 2005, CW5 noticed an unannounced change to the automated systems. Whereas before, users had to input the product the loan application was being submitted under (full documentation, Al-A, etc.), the automated program instead began approving the loan under any program that it qualified for.

188. Despite the manipulation – which, according to CW5, could be done even more so with loans given through low-doc procedures – the automated system initially was ill-suited to the parent company's demand for more subprime products as at first it was rejecting many loans. Though according to CW5 seven of ten of the loans rejected by their own automated program

were eventually given a pass through manual underwriting, that process took time. Because that delay caused the company to lose business, Residential Funding turned to "bulk" purchases.

(2) Confidential witnesses: QC group overridden

189. Confidential Witness 3 ("CW3") worked as a Pre-Funding Quality Control Supervisor at Homecomings from 1997 to 2005. This review was supposed to identify missing information and documents. However, according to CW3, pre-funding reviews covered only 5%-10% of the approved mortgages.

190. According to CW3, 30-35% of the loans CW3's QC team reviewed resulted in a "inconclusive" recommendation, meaning that the underwriter needed to make further proof that the loan file was reliable. According to CW3, 5% received a "misrepresentation with certainty" recommendation.

191. According to CW3, there was no formal channel for the QC group to challenge and overturn an underwriter's decision to approve a mortgage – area managers even had the power to disregard QC's rejection of a mortgage, which, according to CW3, did occur even when the recommendation was "misrepresentation with certainty." According to CW3, Homecomings "gave a lot of loans they shouldn't have." CW3 considered the stated-income loans "all lies."

192. Confidential Witness 6 ("CW6") worked at Homecomings from 2002 to 2007. Until 2006, CW6 worked as a Post-Funding QC Auditor. Thus, unlike CW3's team, CW6 would review loan files of mortgages that had already been funded. Around 2006, CW6's role changed to fixing deficiencies in mortgages that had been identified as "unsellable," and CW6's title changed to "Resolutions Coordinator." According to CW6, this change occurred around the same time changes were occurring within the GMAC organization, and around that time Homecomings "started to spiral downward."

193. By 2005, according to CW6, the borrower qualifying process had gotten "more lax, they took more risks, and got greedy." This caused CW6 to wonder how certain borrowers got loans at all.

(3) Other evidence of problems at Homecomings

194. In mid-2008, the FTC began an investigation into Homecomings Financial, after a staff review had found evidence of discriminatory lending practices. The FTC found that Homecomings Financial "originated the vast majority of its loans through independent brokers" that were allowed to assess discretionary charges on borrowers. The FTC found that disparities in the fees were "substantial, statistically significant, and cannot be explained by any legitimate underwriting or credit characteristics in violation of the ECOA and the FTC Act."

195. On September 3, 2009, Residential Capital announced it was shutting down its wholesale mortgage origination operations, thereby closing down the lending operations of both Homecomings Financial and the other affiliated originator at issue here, GMAC Mortgage LLC. In a January 22, 2009 letter, the FTC explained it was closing its investigation into Homecomings Financial because it had ceased originating loans, and that according to Residential Capital "the ability of [Homecomings Financial] to continue as a going concern is in substantial doubt," in part because Homecomings Financial "is heavily dependent on its own indirect parent, GMAC, LLC, for funding and capital support and that there can be no assurance that such support will continue."

196. A March 5, 2009 article in the *Portland Tribune* discussed the massive failures in the lending industry. It quoted Tim Boyd, who worked at Homecomings Financial for seven years, as saying that: "In order to keep your market share, you had to be more aggressive." According to the article, he knew of loan officers who would tell title agents to "keep quiet about

Option ARM loan provisions during document-signing time. 'They'd tell the title officer, 'Don't go over this, just glean through it quickly and get the thing signed.'"

197. Pay-option loans give the borrower the choice of what to pay each month – but if they choose a low amount, the principal loan balance actually *increases*, eventually causing the "minimum" payment to jump. Option ARMs combine this with another confusing, risky feature: an initially low teaser interest rate that will reset after a certain period. The counterintuitive nature of an increasing principal is a risk many borrowers may not fully understand, particularly when combined with the complex calculation of interest-rate risk. Obviously, a borrower that does not understand the loan terms is more likely to default as it is more likely the borrower cannot properly determine whether it can afford the loan, or plan for and adjust for any unexpected change of circumstances. The FCIC's report (at 90) recounted a study that found that ***38% of borrowers with adjustable-rate mortgages did not understand*** how much their interest rates could reset at one time, and ***more than half underestimated*** how high their rates could reach over the years.

198. According to CW5, by the end of 2006, 50% of Homecomings' loans were option-ARMS. CW6 noted that borrowers who were given ARMs were only qualified at the initial, low rate – without consideration of whether they could afford any changes that might occur after the initial fixed period expired.

199. These same and other types of exotic loans were included in many of the loan pools at issue here. On information and belief, the loans at issue here were similarly, deliberately given to borrowers who were deceived about the risks they presented. This represented yet another deliberate end-run around proper underwriting standards, and created yet another layer of hidden, undisclosed risk.

I. Evidence that the Loans Were Approved Based on Incomplete Loan Files

200. According to the FCIC's report (at 110-11), traditionally, low-documentation loans were used for the particular borrowers with fluctuating or hard-to-verify incomes, such as longtime customers with strong credit. Lenders later realized they could charge borrowers more and approve more borrowers using those processes: "Around 2005 . . . low- and no-documentation loans took on an entirely different character . . . [F]raud specialists described stated income loans as 'an open invitation for fraud' that justified the industry term 'liar loans.'" It also concluded (at 160): "Across the mortgage industry, with the bubble at its peak, standards had declined, documentation was no longer verified, and warnings from internal audit departments and concerned employees were ignored. These conditions created an environment ripe for fraud."

201. As above, a review of the defendants' actual loan files here found many to be incomplete. As below, Residential Funding is itself suing its originators based in part on incomplete loan files. On information and belief, the Offering Materials at issue here similarly materially overstated the percent of underlying loans that were based on a fully-documented basis, and thus materially understated the risk associated with Allstate's Certificates.

J. Evidence that Residential Funding Itself Believes Loans it Purchased Were Non-Compliant

202. According to news reports from early January 2009, Residential Funding *tripled* the number of lawsuits it had filed against unaffiliated originators, alleging that they had wrongfully refused to buy back non-compliant loans that they had sold Residential Funding for use in its securitizations.

203. These suits are based on Residential Funding's originators' alleged breach of their contracts with Residential Funding to abide by the terms of the Seller Guide, representations that the loans were prudently underwritten, and that all loan documents were complete and accurate.

204. These are thus necessarily admissions that Residential Funding was acquiring loans that were based on insufficient documentation and not in compliance with Residential Funding's underwriting guidelines, including around the same time that loans Residential Funding were acquiring were being shuffled into securitizations such as those at issue here.

IV. THE DEFENDANTS KNEW THEIR REPRESENTATIONS WERE FALSE

A. The Statistical Evidence is Itself Persuasive Evidence the Defendants Knew of the Falsity of Their Representations – Particularly Given They Originated Many of the Loans

205. As above, the Certificates have significantly underperformed. For instance, for RALI 2007-QH6, ***55% of the loans have either already had to be written off at a loss or are currently delinquent.*** And overall, ***approximately 30% of the Mortgage Loans underlying the Certificates have already had to be written off at a loss or are currently delinquent.***

206. Allstate's analysis also shows that the loans were consistently misrepresented – by large margins. On average, ***owner occupancy was overstated by over 10%.*** The analysis also shows a ***18% understatement of the amount of loans had had LTVs over 100% and 37% understatement of the loans that had CLTVs over 100% (i.e., of loans that were underwater).***

207. In addition, MBIA's similar and overlapping review of thousands of the defendants' actual loan files demonstrates systemic problems in the loans underlying the Certificates.

208. The remarkable default and delinquency rates, understated LTV and CLTV ratios, overstated owner occupancy statistics, and the problem files uncovered by the defendants' insurer are not only evidence that the Mortgage Loans underlying the Offerings were defective.

They are themselves strong evidence that the defendants knew the Mortgage Loans underlying the Offerings were grossly defective when they made contrary representations to Allstate. Simply put, they could not have pooled these Mortgage Loans without knowing that, contrary to their representations, the loans were widely defective.

209. That the Mortgage Loans could have made it to the securitization market without their knowledge of the problems is made all the less improbable by the fact that, as above, many of the loans were originated by defendants' own affiliates. Residential Funding transactions involved affiliated Residential Funding originators, sellers, sponsors, servicers, underwriters, and depositors. Similarly, the GMAC transactions involved affiliated GMAC originators, sponsors, servicers, underwriters, and depositors. All of the defendants involved in the Certificates were related directly or indirectly through Ally Financial Inc., Residential Capital, LLC, and/or GMAC Mortgage Group, LLC. Indeed, starting in 2007, CW6 (who, as above, worked at Homecomings) started receiving an "unsellable report" that reflected *all* funded loans enterprise-wide (i.e., including mortgages originated by GMAC entities other than Homecomings.)

210. This vertical integration between originators and issuers heightened the already-perverse incentives created by the move to the "originate and distribute" business model. The originator, secure with a pipeline to the market, would have even more incentive to loosen its practices. Those responsible for the securitization, focused on volume, would push them to do so even more. Indeed, according to CW5, Residential Funding mandated that Homecomings limit the share of loans approved on a fully-documented basis, and instead focus on the more-profitable low-doc products. And once the loans were issued, those responsible for securitization would have significant incentives to ignore problem loans because rejecting a loan would saddle an affiliated company with a toxic loan.

211. As purchasers of the loans, the defendants had extensive business relationships with the originators (even the unaffiliated ones), had access to the originators mortgage origination personnel and internal information, and conducted due diligence into the originators through their own personnel and third-party loan review firms.

212. Thus, regardless of the originator, the defendants were either aware of the falsity of their representations, or made representations without knowing their truth. In short, the defendants' relationships with the originators, particularly their own affiliates who originated the bulk of the loans at issue here, gave them yet another source of actual knowledge of the falsity of the representations it made to Allstate. Because of those ties, the defendants had a direct window into the lax practices that led to the creation of the toxic pools of loans to begin with.

213. The prevalence of such problems as evidence of the defendants' knowledge is further magnified when one considers the size of the defendants' operations. As above, Residential Funding was the eighth-largest sponsor of non-agency mortgage backed securities in 2007. It is inconceivable that problems on the scale at issue here could be anything but the result of knowing conduct with regard to the true risk profiles of the Mortgage Loans, or conduct undertaken with no regard to the truth or falsity of information uniquely within defendants' knowledge. Indeed, as above, MBIA claims that Residential Funding admitted to it that it knew mortgage loan pools failed to comply with Residential Funding's guidelines.

B. Evidence From Third-Party Due Diligence Firms Demonstrates That Defendants Knew Defective Loans Were Being Securitized

214. Not only *must* the defendants have known that the Mortgage Loans were widely defective; they *did* know.

215. As above, many of the loans at issue here originated from the defendants' affiliated companies, where they had a direct window into the lax origination processes. Further,

the defendants represented that they reviewed the loans they were purchasing both through automated and manual procedures "for conformity with the applicable underwriting standards." Even for those loans not generated in-house, the Offering Materials for RALI 2005-QA2 represented that "[p]rior to assigning the mortgage loans to the depositor, ***Residential Funding will have reviewed*** the underwriting information provided by the mortgage collateral sellers ***for most of the loans*** and, in those cases, determined that the mortgage loans were generally originated with or in a manner generally consistent with the underwriting standards described in the Seller Guide." Similarly, the Offering Materials for RALI 2006-QS14 represented that "Residential Funding Corporation ***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 Corporation's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program."

216. In other words, the defendants represented that they undertook their own due diligence procedures. This review, if properly performed, would necessarily have revealed the pervasive deficiencies in the Mortgage Loans at issue here.

217. The defendants' willingness to include knowingly defective loans in securitization pools is confirmed by the testimony of CW4, who testified that ***half*** of all applications that were flagged as falling meaningfully short of underwriting guidelines were funding through underwriting "exceptions." It is also confirmed by the testimony of CW5 who, as above, testified of systemic, senior-level-approved manipulation of the data being put into the automated underwriting system, and by the testimony of CW1, discussed in detail further below.

218. It is further demonstrated by data recently revealed by one of the firms hired to carry out the underwriting due diligence. As noted above, underwriters typically hire third-party

due diligence firms, such as Clayton Holdings, Inc., to conduct a review of the proposed loan pool for the underwriters. Clayton Holdings would identify loans that "failed to meet guidelines" and that did *not* contain any "compensating factors." Based on the information released in conjunction with the government's investigation as well as the other facts set forth above, on information and belief the underwriters here were informed by their third-party due diligence firms that high percentages of the Mortgage Loans underlying Allstate's Certificates "failed to meet guidelines," yet the underwriters waived in high numbers of such rejected loans.

219. Such third-party due-diligence data not only supports the fact the Mortgage Loans were defective, but also shows they knew the defendants knew the representations were false. According to the September 2010 testimony of Clayton's Vice President Vicky Beal, the third-party due diligence firms' "exception reports" were provided not just to the underwriter, but also to the sellers. Further, according to the September 2010 testimony before the FCIC by Clayton's former president, D. Keith Johnson, the investment banks would use the exception reports to force a lower price from loan originators.

220. On information and belief, then, the defendants here through their numerous roles of co-underwriter in many of these deals (GMAC RFC Securities), originators (through their affiliates GMAC Bank, GMAC Mortgage LLC and Homecomings Financial, LLC), and sellers (GMAC Mortgage LLC and Residential Funding Company, LLC), thus were aware of the due diligence reports that would have been generated by the third-party due diligence firms. On information and belief, their own due diligence revealed similar problems even apart from Clayton Holdings' review.

221. Thus, the defendants were made well aware by the underwriters' third-party due diligence reports, as well as from their own due diligence, that a high number of the Mortgage

Loans had been red-flagged by those third-party reviews, yet were waived for inclusion in the securitizations anyway by the underwriters. In other words, they knew the Offering Materials were false and misleading.

C. Other Confidential Witness Testimony Further Confirms' Defendants' Knowledge

222. Confidential Witness 1 ("CW1") was a Senior Mortgage Operator within GMAC during 2004 and 2005. CW1's team was responsible for reviewing loan applications and files before closing, in order to approve GMAC's funding of the loan. CW1 believes that the loans CW1's group worked on were designated for sale in loan pools.

223. The loans CW1's team reviewed had already been flagged by automated underwriting systems as being outside normal guidelines. CW1's team, and those like it, were to manually review the file to determine if they could be "tweaked" enough to allow approval of the loan. According to CW1, "There were ways to get any loan approved," and CW1's job was "to make a loan look to be a much prettier package" than it really was.

224. According to CW1, beginning in 2005 there was a pressure to approve loans that did not meet guidelines, and that lacked any compensating features. Whereas things "made sense" before, according to CW1, room was made for a new supervisor that "threw all [CW1] knew out the window."

225. CW1 informed the supervisor that such changes would result in the exposure for the company by way of "buy-backs," but the supervisor did not care and just wanted to "make deals work." CW1 felt pressure and was told such things as "don't be such a hard ass."

226. In addition to the explicit pressure, a change was made that CW1's underwriting team could no longer use other personnel to help complete and clear loan files. This lead to additional time demands on the underwriters, causing underwriters to let missing paperwork

(such as recent pay stubs) in the loan files slide in order to keep up with the expected turn times. Further, the policy was changed such that loan officers – who were paid by GMAC on commission – were allowed to contact underwriters directly – making the environment even more like a boiler room.

227. According to CW1, though other underwriters bent to the new pressure and approved loans despite a lack of compensating features, CW1 left.

228. CW1 gave a particular example of how debt-to-income figures could be manipulated to justify approval. One DTI standard excluded car loans that were less than six months to be paid off. If a credit report was outdated, the underwriter would assume that additional payments had been made in the time since the credit report – then further assume the borrower would make additional payments in the time before loan closing. Making such assumptions, the underwriters would then leave out the car loan from the DTI calculation.

229. As to owner-occupancy, CW1 said that the loan files contained information that could be used to verify owner-occupancy declarations. For instance, CW1 would look for letters from prior landlords confirming they had received a Notice to Vacate, or would call landlords directly. Or, borrowers who owned prior properties were required to show that the first home had been sold. CW1 looked to confirm declarations of other properties being "second homes" (with the property being currently mortgaged the occupied one) by comparing the value of the "vacation home" to the value of the property being mortgaged.

230. As above, CW6 worked within Homecomings. However, according to CW6, there were also auditors in other parts of the GMAC organization that reviewed Homecomings' loan files for underwriting guideline compliance, including within the "investor sales teams," who conducted a "more intense" review of the loans that were to be sold to third parties. This

further confirms defendants would have been knowledgeable about the lax practices of its affiliated-originator.

D. Evidence of Residential Funding's Improper "Bulk Buying" Procedures

231. MBIA's review of the loan files and other parts of its investigation undertaken in its role as the defendants' insurer found that the non-compliant nature of many of the loans it reviewed was due to the systemic abuse of underwriting "exceptions." According to MBIA, a "significant number" of the "exception" loan files MBIA reviewed did not even identify which supposed exception was being relied upon, let alone contain sufficient documentation to justify the use of such an exception. In addition, MBIA found that for a "significant number" of the loans it reviewed were instead approved based on the secret abuse of three practices that resulted in large numbers of non-compliant loans being contributed into securitization programs.

232. According to MBIA, first, Residential Funding improperly abused "negotiated commitments," where it agreed to buy future loans from the originator that failed to comply with Residential Funding's underwriting guidelines. Second, it improperly abused a "bulk purchase program" where it agreed to purchase a large amount of pre-existing loans that Residential Funding would not then confirm whether they had been originated in compliance with Residential Funding's underwriting guidelines. Finally, Residential Funding underwrote or purchased loans using an automated system, Assetwise, that did not in fact analyze the proposed mortgages in accordance with Residential Funding's underwriting guidelines. According to MBIA, these practices all helped contribute to the "substantial and material" number of non-compliant loans that were found in the reviewed securitization pools.

233. On information and belief, based in part on the overlapping nature of the certificates studied by MBIA and those at issue here, these same practices were also used and abused with respect to the Mortgage Loans at issue here. Such practices represent conscious

decisions by the defendants to pool loans that they had no idea as to whether they in fact met any of their claimed underwriting guidelines. As such, these practices show the defendants knew of, or were indifferent to, the falsity of the Offering Materials.

234. The results of MBIA's study is corroborated by the testimony of CW5. As discussed above, in 2004-2005, according to CW5, Residential Funding dictated that its affiliated originator Homecomings produce no more than fifty percent of its loans through fully-documented processes. According to CW5, it did this because it felt other products were more profitable, and wanted the alternative products for use in its securitizations.

235. As also discussed above, according to CW5, even though the automated underwriting system was being manipulated, and even though low-doc loans could be manipulated even more, the system was still rejecting too many loans. The resulting delay in approval by having to manually approve the rejected loans caused the company to lose business. Thus, according to CW5, it turned to "bulk buy" procedures.

236. According to CW5, Residential Funding would buy hundreds of millions of fully-funded loans at a time. The loans were not put through the automated system until Residential Funding won the "bid." Only then did Residential Funding conduct due diligence. However, it would not perform due diligence on all the files, but only a small sample. The sample would decrease with each successive purchase from that seller – eventually such that no testing was done. According to CW5, this allowed Residential Funding to pursue fewer and fewer repurchase demands from the bulk-sellers. "It makes for a better relationship if you're not kicking back a lot of loans."

E. Evidence That the Defendants Knew the Appraisals Were Falsely Inflated

237. As above, the appraised value of a mortgaged property is a key component in the LTV and CLTV ratios. Defendants knew at the time the appraisals were false and baseless, and

thus did not genuinely believe at the time the disclosed statistics were accurate. This is supported, as above, by the consistency of the wide disparities in Allstate's Certificates, discovered through use of loan-level, contemporaneous information. It is also supported by evidence of the systemic problems within defendants' underwriting operations, and by statements provided by a confidential witness, and other testimony that has been provided by industry insiders.

238. CW1 received appraisals that CW1 knew were inflated, but was pressured to approve loans anyway. For instance, appraisals would come in using "comparables" (or "comps") that were in no way comparable to the property being mortgages – such as a home sitting on a canal being compared to a beachside property. In addition, appraisers were allowed to make the comp values even higher using "line adjustments," increasing the aggregate total comp value by as much as 25%.

239. Also, according to CW1, GMAC required that appraisals be obtained from a specific-pre-approved list. CW1 said that some of the appraisers should have been kicked off for consistently submitting inflated appraisals, or submitting the same exact appraisal analysis on every appraisal they submitted – indicating they were not actually doing any independent analysis on each unique property.

240. In addition, according to CW3, the QC team at Homecomings was supposed to ensure that the underwriters had run the appraisal's recommendation through an automated valuation model. As above, an industry-accepted AVM model, using the same type of contemporaneous data that would have likely been used in defendants' models, shows large discrepancies from what figures Defendants put into the Offering Materials.

241. Further, on information and belief, the defendants used their economic leverage over the appraisal process to make the appraised values fit the loan they wanted to approve, rather than to fit the true value of the property. This further establishes that they knew the LTV and CLTV statistics were false.

242. That the misstatements go heavily in one direction – seriously inflated values leading to materially understated LTV and CLTV statistics – is itself persuasive evidence that the overstatements revealed by Allstate's recent analysis were not mere errors or differences of opinion, but conscious misrepresentations. This is further confirmed by Congressional testimony and other statements made by those in the industry about the widespread corruption in the appraisal processes during all times relevant to this Complaint.

243. For instance, Richard Bitner, a former executive of a subprime lender for fifteen years, testified in April 2010 that "the appraisal process [was] highly susceptible to manipulation," and that the rise in property values was in part due to "the subprime industry's acceptance of overvalued appraisals." Similarly, Patricia Lindsay, a former wholesale lender, testified in April 2010 that in her experience appraisers were "often times pressured into coming in 'at value,'" i.e., at least the amount needed for the loan to be approved. The appraisers "fearing" their "future business and their livelihoods" would choose properties "that would help support the needed value rather than finding the best comparables to come up with the most accurate value."

244. And Jim Amorin, President of the Appraisal Institute, testified in April 2009 that "in many cases, appraisers are ordered or severely pressured to doctor their reports to convey a particular, higher value for a property, or else never see work from those parties again . . . [T]oo often state licensed and certified appraisers are forced into making a "Hobson's Choice.'"

245. The FCIC's January 2011 report recounts (at 91) the similar testimony of Dennis J. Black, an appraiser with 24 years of experience who held continuing education services across the country. "He heard complaints from appraisers that they had been pressured to ignore missing kitchens, damaged walls, and inoperable mechanical systems. Black told the FCIC, 'The story I have heard most often is the client saying he could not use the appraisal because the value was [not] what they needed.' The client would hire somebody else."

V. ALLSTATE'S DETRIMENTAL RELIANCE AND DAMAGES

246. In making the investments, Allstate relied upon the defendants' representations and assurances regarding the quality of the mortgage collateral underlying the Certificates, including the quality of their underwriting processes. Allstate received, reviewed, and relied upon the Offering Materials, which described in detail the Mortgage Loans underlying each offering. Offering Materials containing the representations outlined above and in the Exhibits (or nearly identical, materially similar counterparts thereto) were obtained, reviewed, and relied upon before any purchase was made.

247. In purchasing the Certificates, Allstate justifiably relied on the defendants' false representations and omissions of material fact detailed above, including the misstatements and omissions in the Offering Materials. These representations materially altered the total mix of information upon which Allstate made its purchasing decisions.

248. But for the misrepresentations and omissions in the Offering Materials, Allstate would not have purchased or acquired the Certificates as it ultimately did, because those representations and omissions were material to its decision to acquire the Certificates, as described above.

249. Allstate's losses on the Certificates have been much greater than they would have been if the Certificates and the loans underlying them were as the defendants described them to

be. The false and misleading statements of material facts and omissions of material facts in the Offering Materials directly caused Allstate damage, because the Certificates were in fact far riskier than the defendants described them to be, and that risk has actually already materialized. For example, the fact that the loans were not secured by owner-occupied properties at their claimed rate made them more prone to default. Owners who do not occupy their properties are more likely to default on their loans, which made the Certificates poorer investments, accelerated the Certificates' decline in value, and greatly worsened Allstate's losses.

250. In fact, the loans underlying the Certificates have experienced default and delinquency at extraordinarily high rates due to the abandonment of the disclosed underwriting guidelines. These rates of default are much higher than what a pool of loans that had the features defendants' described would have experienced in the same economic conditions. The income and principal payments that Allstate received have been less than Allstate expected under the "waterfall" provisions of the securitizations. Further, the higher default rates have eaten into the safety "buffer" such features as overcollateralization were supposed to provide, meaning the prospects for full receipt of the payments once expected have dropped significantly.

251. The high rates of default, the lower safety "buffer" left in its wake, and the discovery of fundamental irregularities in the defendants' underwriting practices all signal increased risk in the Certificates. As a fundamental financial principle, the diminished prospect of continued cash flows – i.e., perceived and actual risk – dictates that the Certificates are currently less valuable than they would have been but not for the misrepresentations. Thus, Allstate is not seeking recovery for (or, in the alternative, to rescind based on) future potential losses, but recovery based on its past and current damages.

252. Even in the context of the real estate crisis, the Certificates would have held most, if not all, their value had the security underlying the loans been as represented by the defendants in their Offering Materials, because such mortgage pools would not have defaulted at nearly the same high rate. This decreased value is evidenced collectively by, but need not be measured solely by, among other things: (a) the high rates of default and delinquency of the Mortgage Loans; (b) the Certificates' plummeting ratings; (c) lower-than-expected past and current income streams from the Certificates; and (d) lower market value.

253. There are several potential ways of valuing a mortgage-backed security. One of the potential ways that lower value can be measured, and part of the evidence that Allstate has been damaged, can be found in secondary-market pricing. Though the market may have temporarily "seized up" during the financial crisis, it has since recovered and there was and is a functioning, liquid secondary market for mortgage-backed securities such as the Certificates here. Numerous brokers are active in, and have trading desks specifically dedicated to, the secondary market for RMBS, including without limitation Credit Suisse, Barclays, Bank of America, Citigroup, Deutsche Bank, Goldman Sachs, Royal Bank of Scotland, J.P. Morgan, Nomura, and Morgan Stanley. Indeed, Allstate has already sold some of these Certificates on the secondary market.

254. According to data provided to the FCIC, between May 2007 and November 2008 Goldman Sachs alone bought and sold $17 billion worth of RMBS cash securities, and $32 billion worth of credit default swaps linked to RMBS securities, representing a total of 7,000 trades. These figures demonstrate the liquidity in the secondary market for RMBS.

255. The *Wall Street Journal* recently reported that "AIG Bonds are in Demand," finding that the Federal Reserve Bank of New York's "much anticipated" auction of $1.5 billion

in subprime bonds was "deemed successful by industry participants." "Industry participants said dealers saw solid interest from investors." According to a CEO quoted by the article, "The overwhelming majority of the list [of bonds] traded at more than the estimated price, indicating healthy demand by dealers and investors."

256. The *Wall Street Journal* separately also recently quoted the Federal Reserve Bank of Dallas President Richard Fisher as saying that "there is plenty of liquidity" in the markets to drive growth. One of the signs he pointed to was the "rejuvenation of the subprime markets."

257. Allstate purchased the Certificates not only for their income stream, but held them on a "available for sale" basis, with the expectation that some of Allstate's RMBS portfolio could and would be sold on the existing secondary market. Some of these Certificates have already been sold on the secondary market. Allstate thus viewed market value as a critical aspect of the Certificates it purchased. Allstate has lost much of the market value in these securities – much more than it would have lose if the Certificates had been backed by loans of the quality the defendants' represented, which would have held up to the recent economic downturn much better than those loans the defendants actually included in these Certificates.

258. In short, defaults were much higher than they would have been if the Mortgage Loans had been properly underwritten. This has caused the value of the Certificates to plummet. This is evidenced by, but not contingent entirely upon, the drop in market value of the securities. As loans which were properly underwritten would have withstood the same economic conditions much better than those defendants offloaded onto Allstate here, and thus securities backed by loans with the features defendants describe would currently have a much higher value than Allstate's Certificates, Allstate was damaged by defendants' wrongdoing.

259. Allstate's damages here are separate and severable from Allstate's losses caused by the economic downturn, and such could be reliably measured through the discovery process. For instance, but without limitation, upon discovery of the full extent of defendants' misrepresentations, expert testimony may compare the performance of the *actual* Certificates and/or loan pools here, with the performance of securities and/or loan pools that had the features described in the Offering Materials, with Allstate's damages being the difference. However, it is well beyond Allstate's pleading burden to perform such analysis here, and in any event the full extent of the defendants' misrepresentations is unknown as Allstate does not have access to the loan files.

FIRST CAUSE OF ACTION
(Common-law Fraud)

260. Allstate realleges each allegation above as if fully set forth herein.

261. The material representations set forth above were fraudulent, and the defendants' representations falsely and misleadingly misrepresented and omitted material statements of fact. The representations at issue are identified above, further identified in Exhibits D through BB, and are summarized in Section II above.

262. Each of the defendants knew their representations and omissions were false and/or misleading at the time they were made, or made such representations and omissions without knowledge of their truth or falsity.

263. Each made the misleading statements for the purpose of inducing Allstate to purchase the Certificates.

264. Allstate justifiably relied on the defendants' false representations and misleading omissions.

265. Had Allstate known the true facts regarding the defendants' underwriting practices and quality of the loans making up the securitizations, it would not have purchased the Certificates as it ultimately did.

266. As a result of the foregoing, Allstate has suffered damages according to proof or, in the alternative, Allstate has the right to rescind the fraudulently induced Certificate purchases and to require the defendants to repurchase the Certificates at their original cost, plus interest.

SECOND CAUSE OF ACTION
(Negligent Misrepresentation)

267. Allstate realleges each allegation above as if fully set forth herein.

268. Including not only the Certificates at issue here but others not part of this action, Allstate made forty-nine purchases in numerous offerings of mortgage-backed securities that the defendants securitized and sold.

269. Because the defendants arranged the securitizations, and originated or acquired, underwrote, and serviced all of the underlying mortgage loans, they had unique and special knowledge about the loans in the offerings. In particular, they had unique and special knowledge and expertise regarding the quality of the underwriting of those loans as well as the servicing practices employed as to such loans.

270. Because Allstate could not evaluate the loan files for the Mortgage Loans underlying its Certificates, and because Allstate could not examine the underwriting quality or servicing practices for the Mortgage Loans in the securitizations on a loan-by-loan basis, it was heavily reliant on the unique and special knowledge of these defendants regarding the Mortgage Loans when determining whether to make each investment of Certificates. Allstate was entirely reliant on the defendants to provide accurate information regarding the loans in engaging in that

analysis. Accordingly, the defendants were uniquely situated to evaluate the economics of each Securitization.

271. Going back seven years over forty-nine separate purchases, Allstate relied on the defendants' unique and special knowledge regarding the quality of the underlying Mortgage Loans and their underwriting when determining whether to invest in the Certificates at issue in this action. This longstanding relationship, coupled with their unique and special knowledge about the underlying loans, created a special relationship of trust, confidence, and dependence between the defendants and Allstate.

272. The defendants were aware that Allstate relied on their unique and special expertise and experience and depended upon them for accurate and truthful information. They also knew that the facts regarding their compliance with their underwriting standards were exclusively within their knowledge.

273. Based on their expertise, superior knowledge, and relationship with Allstate, the defendants owed a duty to Allstate to provide complete, accurate, and timely information regarding the Mortgage Loans and the offerings. These defendants breached their duty to provide such information to Allstate.

274. They likewise made misrepresentations in order to induce Allstate's investment in the offerings. The misrepresentations are set forth above and in Exhibits D through BB. At the time they made these misrepresentations, the defendants knew, or at a minimum were negligent in not knowing, that these statements were false, misleading, and incorrect. Such information was known to the defendants but not known or readily known to Allstate, and the defendants knew that Allstate was acting in reliance on mistaken information.

275. Allstate reasonably relied on the information the defendants did provide and was damaged as a result of these misrepresentations. Had Allstate known the true facts regarding the defendants' underwriting practices and the quality of the loans making up the securitizations, it would not have purchased the Certificates as it ultimately did.

276. The defendants were in the business of providing information for use by others, including Allstate. Specifically but without limitation, they were in the business of providing information by way of the Offering Materials so that investors could rely on them in deciding whether to invest in the securities being offered. Though this information was publically available, due to the complexities of these Certificates and the nature of the market for mortgage-backed securities, the Offering Materials were primarily intended for the much smaller circle of institutional purchasers.

277. The defendants' material misrepresentations and omissions set forth above were made without any reasonable ground for believing that the representations were true.

278. As a result of the foregoing, Allstate has suffered damages according to proof.

THIRD CAUSE OF ACTION
(Fraudulent Inducement)

279. Allstate realleges each allegation above as if fully set forth herein.

280. Allstate was fraudulently induced to purchase the Certificates by the defendants' misrepresentations and omissions of material facts. The materially untrue statements and omissions of material fact in the Offering Materials are summarized above and are further set forth in the Exhibits.

281. Each of the defendants knew their representations and omissions were false and/or misleading at the time they were made. Each made the misleading statements with an intent to induce Allstate to purchase the Certificates.

282. Allstate justifiably relied on the defendants' false representations and misleading omissions in purchasing the Certificates.

283. Had Allstate known the true facts, it would not have purchased the Certificates as it ultimately did.

284. As a result of the foregoing, Allstate has the right to rescind the fraudulently induced Certificate purchases and to require the defendants to repurchase the Certificates at their original cost, plus interest.

FOURTH CAUSE OF ACTION
(Consumer Fraud Act)

285. The Certificates at issue in this case are "merchandise" as defined under the Minnesota Consumer Fraud Act, Minn. Stat. § 325F.68 ("any objects, wares, goods, commodities, intangibles, real estate, loans, or services").

286. By way of the acts, representations, and omissions set forth above, the defendants used "fraud, false pretense[s], false promise[s], misrepresentation[s], misleading statement[s], or deceptive practice[s], with the intent that others rely thereon in connection with the sale of" merchandise, in violation of Minn. Stat. § 325F.69.

287. The Minnesota Consumer Fraud Act and the Minnesota Private Attorney General statute, Minn. Stat. § 8.31, allow "any person injured," regardless of their alleged sophistication, to bring suit. *See, e.g., Group Health Plan, Inc. v. Philip Morris Inc.*, 621 N.W.2d 2, 8 (Minn. 2001) ("In describing who may bring an action, subdivision 3a does so in the broadest terms, stating that '*any person* injured by a violation . . . may bring a civil action and recover damages' . . . . Neither the private remedies statute nor the substantive statutes contains any language restricting those who may sue to purchasers or consumers.") (emphasis in original, citations omitted).

288. Though Allstate's investing activities are designed to protect its stakeholders (including insureds in the state of Minnesota) through the use of safe and sound investing practices, Allstate purchased the Certificates on its own account. Allstate was not acting as a broker or merchant in connection with the purchase or potential resale of the Certificates.

289. As above, because it was the defendants that arranged the securitizations, and originated or acquired, underwrote, and serviced all of the underlying mortgage loans, they had unique and special knowledge about the loans in the offerings. In particular, they had unique and special knowledge and expertise regarding the quality of the underwriting of those loans as well as the servicing practices employed as to such loans. Allstate could not evaluate the loan files for the Mortgage Loans underlying its Certificates because those files were not provided to it. Nor could Allstate examine the underwriting quality or servicing practices for the Mortgage Loans in the securitizations on a loan-by-loan basis. The disproportionate access to the information at issue in this case between defendants and Allstate was substantial, regardless of any allegations of Allstate's more generalized level of sophistication.

290. This claim is brought for the public benefit under the Minnesota Private Attorney General statute, Minn. Stat. § 8.31, subd. 3a. The number securities at issue here, all containing the same types of misrepresentations, and the other facts set forth above all demonstrate a wide, repeated pattern of deceit by one of the country's largest issuers of these types of securities.

291. Further, even though the securities were largely purchased by institutional investors, they were publically offered, and the ramifications of fraudulent activities in the securitization market quickly spread throughout the economy. Acts such as those by defendants has spawned numerous governmental and regulatory investigations. As above, the President's

Working Group concluded that the "turmoil in the financial markets was triggered by a dramatic weakening of underwriting standards for U.S. subprime mortgages . . ."

292. Also as above, the FCIC has noted estimates that nearly thirteen million homes may eventually be lost to foreclosure. Soaring foreclosure rates do not just depress local property values, but have also been linked to such additional local problems as increases in arson rates and vandalism, including in Minnesota.

293. Enjoining defendants and discouraging others from engaging in fraudulent activities that, due to their sheer size and importance, impact everything from the world's macroeconomic status to the local neighborhood's quality of life would provide public benefits far beyond compensating Allstate's numerous stakeholders (including those in Minnesota).

294. Allstate was injured by the defendants' violations. The defendants' wrongful acts have a causal nexus to Allstate's losses incurred in connection with the Certificates it purchased.

295. As a result of the foregoing, Allstate has the right to recover its damages according to proof or, in the alternative, rescission under the Minnesota Consumer Fraud Act and the Minnesota Private Attorney General statute. In addition, pursuant to Minn. Stat. § 8.31, subd. 3a, it is entitled to its costs and attorney's fees. Allstate further requests an injunction barring defendants from continuing to engage in deceptive practices such as those described herein.

PRAYER FOR RELIEF

WHEREFORE Allstate prays for relief as follows:

An award of damages against the defendants in favor of Allstate, jointly and severally, for all damages sustained as a result of the defendants' wrongdoing, in an amount to be proven at trial, but including at a minimum:

a. Allstate's monetary losses, including loss of value and loss of principal and interest payments;

b. Attorneys' fees and costs;

c. Prejudgment interest at the maximum legal rate;

d. Entry of a permanent injunction enjoining the defendants and their respective successors, agents, officers, directors, employees, and all persons acting in concert with them from engaging in the deceptive practices complained of herein; and

e. Such other and further relief as the Court may deem just and proper.

In the alternative, in addition to injunctive relief, Allstate demands rescission and recovery of the consideration paid for the Certificates, with interest thereon. Allstate is prepared to tender the Certificates in the event the Court grants such relief.

JURY TRIAL DEMANDED

Allstate hereby demands a trial by jury on all issues triable by jury.

Dated: April 15, 2011

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Exhibit A - Certificate Information

Offering	Full Name of Offering	Issuing Entity	Depositor	Seller/Sponsor	Servicer
RALI 2005-QA2	Mortgage Asset-Backed Pass-Through Certificates, Series 2005-QA2	RALI Series 2005-QA2 Trust	Residential Accredit Loans, Inc.	Residential Funding Corporation	Residential Funding Corporation
RALI 2005-QS6	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS6	RALI Series 2005-QS6 Trust	Residential Accredit Loans, Inc.	Residential Funding Corporation	Residential Funding Corporation
RALI 2006-QO3	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO3	RALI Series 2006-QO3 Trust	Residential Accredit Loans, Inc.	Residential Funding Corporation	Residential Funding Corporation
RALI 2006-QS14	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS14	RALI Series 2006-QS14 Trust	Residential Accredit Loans, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC
RALI 2007-QH6	Mortgage Asset-Backed Pass-Through Certificates, Series 2007-QH6	RALI Series 2007-QH6 Trust	Residential Accredit Loans, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC
RAMP 2004 RZ4	Mortgage Asset-Backed Pass-Through Certificates, Series 2004-RZ4	RAMP Series 2004-RZ4 Trust	Residential Asset Mortgage Products, Inc.	Residential Funding Corporation	Residential Funding Corporation
RAMP 2004-RZ2	Mortgage Asset-Backed Pass-Through Certificates, Series 2004-RZ2	RAMP Series 2004-RZ2 Trust	Residential Asset Mortgage Products, Inc.	Residential Funding Corporation	Residential Funding Corporation
RAMP 2005-RS4	Mortgage Asset-Backed Pass-Through Certificates, Series 2005-RS4	RAMP Series 2005-RS4 Trust	Residential Asset Mortgage Products, Inc.	Residential Funding Corporation	Residential Funding Corporation
RAMP 2006-RS3	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-RS3	RAMP Series 2006-RS3 Trust	Residential Asset Mortgage Products, Inc.	Residential Funding Corporation	Residential Funding Corporation
RAMP 2006-RZ3	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-RZ3	RAMP Series 2006-RZ3 Trust	Residential Asset Mortgage Products, Inc.	Residential Funding Corporation	Residential Funding Corporation
RASC 2005-KS3	Home Equity Mortgage Asset-Backed Pass-Through Certificates, Series 2005-KS3	RASC Series 2005-KS3 Trust	Residential Asset Securities Corporation	Residential Funding Corporation	Residential Funding Corporation
RASC 2005-KS4	Home Equity Mortgage Asset-Backed Pass-Through Certificates, Series 2005-KS4	RASC Series 2005-KS4 Trust	Residential Asset Securities Corporation	Residential Funding Corporation	Residential Funding Corporation
RFMSI 2005-S8	Mortgage Pass-Through Certificates, Series 2005-S8	RFMSI Series 2005-S8 Trust	Residential Funding Mortgage Securities I, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMSI 2006-S6	Mortgage Pass-Through Certificates, Series 2006-S6	RFMSI Series 2006-S6 Trust	Residential Funding Mortgage Securities I, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2005-HI3	Home Loan-Backed Notes, Series 2005-HI3	Home Loan Trust 2005-HI3	Residential Funding Mortgage Securities II, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2005-HS1	Home Equity Loan-Backed Term Notes, Series 2005-HS1	Home Equity Loan Trust 2005-HS1	Residential Funding Mortgage Securities II, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2005-HS2	Home Equity Loan-Backed Term Notes, Series 2005-HS2	Home Equity Loan Trust 2005-HS2	Residential Funding Mortgage Securities II, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2005-HSA1	Home Equity Loan-Backed Term Notes, Series 2005-HSA1	Home Equity Loan Trust 2005-HSA1	Residential Mortgage Securities II, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2006-HI4	Home Loan-Backed Notes, Series 2006-HI4	Home Loan Trust 2006-HI4	Residential Funding Mortgage Securities II, Inc.	Residential Funding Corporation	Residential Funding Corporation
RFMS2 2006-HI5	Home Loan-Backed Notes, Series 2006-HI5	Home Loan Trust 2006-HI5	Residential Funding Mortgage Securities II, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC
RFMS2 2007-HI1	Home Loan-Backed Notes, Series 2007-HI1	Home Loan Trust 2007-HI1	Residential Funding Mortgage Securities II, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC

Exhibit A - Certificate Information

RFMS2 2007-HSA2	Home Equity Loan Pass-Through Certificates, Series 2007-HSA2	Home Equity Loan Trust 2007-HSA2	Residential Funding Mortgage Securities II, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC
RFMS2 2007-HSA3	Home Equity Loan-Backed Term Notes, Series 2007-HSA3	Home Equity Loan Trust 2007-HSA3	Residential Funding Mortgage Securities II, Inc.	Residential Funding Company, LLC	Residential Funding Company, LLC
GMACM 2005-HE1	GMACM Home Equity Loan-Backed Term Notes, Series 2005-HE1	GMACM Home Equity Loan Trust 2005-HE1	Residential Asset Mortgage Products, Inc.	GMAC Mortgage Corporation	GMAC Mortgage Corporation
GMACM 2006-HE3	GMACM Home Equity Loan-Backed Term Notes, Series 2006-HE3	GMACM Home Equity Loan Trust 2006-HE3	Residential Asset Mortgage Products, Inc.	GMAC Mortgage Corporation	GMAC Mortgage Corporation

Exhibit B - Purchase Information

Offering and Class	Purchaser	Purchase Date	Purchase Price
RALI 2005-QA2 A1 II	Allstate Life Insurance Co.	5/26/05	$ 24,371,448
RALI 2005-QS6 A6	Allstate Life Insurance Co.	6/21/05	$ 7,710,938
RALI 2006-Q03 A2	Allstate Bank	3/21/06	$ 15,000,000
RALI 2006-QS14 A13	Kennett Capital, Inc.	9/21/07	$ 52,343,814
RALI 2007-QH6 A1	Allstate New Jersey Insurance Co.	6/21/07	$ 19,982,880
RALI 2007-QH6 A1	Allstate Bank	6/21/07	$ 9,991,440
RAMP 2004 RZ4 M1	Allstate Life Insurance Co.	4/6/05	$ 10,520,000
RAMP 2004-RZ2 AI6	Allstate Life Insurance Co.	4/10/07	$ 6,931,367
RAMP 2004-RZ2 AI6	Allstate Life Insurance Co.	4/10/07	$ 6,931,367
RAMP 2004-RZ2 AI6	Allstate Insurance Co.	4/10/07	$ 6,733,328
RAMP 2005-RS4, M1	Allstate Life Insurance Co.	4/28/05	$ 14,175,000
RAMP 2005-RS4, M2	Allstate Life Insurance Co.	4/28/05	$ 5,163,000
RAMP 2005-RS4, M3	Allstate Life Insurance Co.	4/28/05	$ 3,000,000
RAMP 2006-RS3 A-I-2	Allstate Life Insurance Company of New York	5/5/06	$ 3,000,000
RAMP 2006-RS3 A-I-2	Allstate Retirement Plan	5/5/06	$ 9,000,000
RAMP 2006-RS3 A-I-2	Allstate Insurance Co.	5/5/06	$ 21,000,000
RAMP 2006-RZ3, M3	Allstate Life Insurance Co.	5/22/07	$ 3,501,094
RAMP 2006-RZ3, M3	Allstate Insurance Co.	5/22/07	$ 3,501,094
RAMP 2006-RZ3, M4	Allstate Life Insurance Co.	5/22/07	$ 2,500,781
RAMP 2006-RZ3, M4	Allstate Insurance Co.	5/22/07	$ 2,500,781
RASC 2005-KS3, M2	Allstate Life Insurance Co.	3/29/05	$ 7,065,000
RASC 2005-KS3, M3	Allstate Life Insurance Co.	3/29/05	$ 5,000,000
RASC 2005-KS3, M4	Allstate Life Insurance Co.	3/29/05	$ 2,000,000
RASC 2005-KS4-M1	Allstate Life Insurance Co.	4/21/05	$ 10,000,000
RFMSI 2005-S8 A2	American Heritage Life Insurance Co.	11/2/06	$ 10,031,192
RFMSI 2006-S6 A12	Allstate Insurance Co.	8/7/07	$ 22,031,492
RFMS2 2005-HI3, MI	Allstate Life Insurance Co.	12/15/06	$ 3,038,043
RFMS2 2005-HI3, MI	Allstate Life Insurance Co.	12/15/06	$ 3,038,043
RFMS2 2005-HS1, AI2	Allstate Insurance Co.	9/13/05	$ 18,229,692
RFMS2 2005-HS2, AI2	Allstate Insurance Co.	11/18/05	$ 16,998,803
RFMS2 2005-HS2, AI3	Allstate Insurance Co.	11/18/05	$ 10,499,528
RFMS2 2005-HS2, AI4	Allstate Life Insurance Co.	8/1/06	$ 16,522,563
RFMS2 2005-HSA1 AI5	Allstate Insurance Co.	10/27/06	$ 6,471,308
RFMS2 2006-HI4, A4	Allstate Life Insurance Co.	9/25/06	$ 30,317,751
RFMS2 2006-HI5, A4	Allstate Life Insurance Co.	12/18/06	$ 10,248,096
RFMS2 2006-HI5, A4	Allstate Life Insurance Co.	12/18/06	$ 10,224,100
RFMS2 2006-HI5, A4	Allstate Insurance Co.	6/7/07	$ 17,996,656
RFMS2 2007-HI1 A4	Allstate Life Insurance Co.	3/23/07	$ 14,992,787
RFMS2 2007-HI1 A4	Allstate Life Insurance Co.	3/23/07	$ 14,992,787
RFMS2 2007-HSA2 A6	Allstate Life Insurance Co.	4/24/07	$ 21,996,880
RFMS2 2007-HSA3 AI6	Allstate Life Insurance Co.	5/23/07	$ 14,994,860
RFMS2 2007-HSA3 AI6	American Heritage Life Insurance Co.	5/23/07	$ 4,998,287
RFMS2 2007-HSA3 AI6	First Colonial Insurance Company	5/23/07	$ 4,998,287
GMACM 2005-HE1, A3	Allstate Insurance Co.	3/17/05	$ 20,000,000
GMACM 2006-HE3, A3	Allstate Life Insurance Co.	8/25/06	$ 29,999,622
		Total Investment	**$ 554,544,106**

Exhibit C - Ratings Information

Offering and Class	Original Moody's Rating	Current Moody's Rating	Original S&P Rating	Current S&P Rating	Original Fitch Rating	Current Fitch Rating
RALI 2005-QA2 A1 II	Aaa	Caa3 (sf)	AAA	CCC (sf)		
RALI 2005-QS6 A6	Aaa	Caa1 (sf)			AAA	Bsf
RALI 2006-Q03 A2	Aaa	Caa3*- (sf)	AAA	CCC (sf)		
RALI 2006-QS14 A13	Aaa	Caa2*- (sf)	AAA	D (sf)	AAA	Dsf
RALI 2007-QH6 A1	Aaa	Ba2*- (sf)	AAA	B- (sf)		
RAMP 2004 RZ4 M1	Aaa	Aa1*-(sf)	AAA	Aa+		
RAMP 2004-RZ2 AI6	Aaa	Caa1	AAA	D		
RAMP 2005-RS4, M1	Aa1*-	Baa3*- (sf)			AA+sf	AA+sf
RAMP 2005-RS4, M2	A2	Caa1 (sf)			Aasf	Aasf
RAMP 2005-RS4, M3	A1	C (sf)			AA-	Asf
RAMP 2006-RS3 A-I-2	Aaa	B3	AAA	D	AAA	Dsf
RAMP 2006-RZ3, M3	Aa3	C			AA-	Csf
RAMP 2006-RZ3, M4	A1	C (sf)			A+	Dsf
RASC 2005-KS3, M2	Aa1	Aa1	AA+	AA+		
RASC 2005-KS3, M3	Aa2	Ba1	AA	AA		
RASC 2005-KS3, M4	Aa3	CAA2	AA	AA- (sf)		
RASC 2005-KS4-M1	Aa	Baa2	AA	AA		
RFMSI 2005-S8 A2	Aaa	Caa3	AAA	CCC		
RFMSI 2006-S6 A12	Aaa	Caa1 (sf)	AAA	CCC (sf)	AAA	CCCsf
RFMS2 2005-HI3, MI	Aa1	A3 (sf)	AA+	AA+		
RFMS2 2005-HS1, AI2	Aaa	Aa2 (sf)	AAA	BBB-		
RFMS2 2005-HS2, AI2	Aaa	Baa2 (sf)	AAA	CC (sf)		
RFMS2 2005-HS2, AI3	Aaa	Caa3	AAA	CC (sf)		
RFMS2 2005-HS2, AI4	Aaa	C (sf)	AAA	CC (sf)		
RFMS2 2005-HSA1 AI5	Aaa	Ca	AAA	D (sf)		
RFMS2 2006-HI4, A4	Aaa	C (sf)	AAA	CC (sf)		
RFMS2 2006-HI5, A4	Aaa	C (sf)	AAA	CC (sf)		
RFMS2 2007-HI1 A4	Aaa	C (sf)	AAA	CC (sf)		
RFMS2 2007-HSA2 A6	Aaa	B3*-	AAA	BB+ (sf)	AAA	WD
RFMS2 2007-HSA3 AI6	Aaa	B3 (sf)	AAA	BB+ (sf)	AAA	WD
GMACM 2005-HE1, A3	Aaa	Caa2	AAA	D (sf)		
GMACM 2006-HE3, A3	Aaa	Caa3	AAA	D (sf)		

Exhibit D
Misrepresentations in the Offering Documents for RALI 2005-QA2

Collateral type: Hybrid adjustable-rate mortgage loans secured by first liens on one- to four-family residential properties.

Initial number of mortgage loans: 1,934.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "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." Prospectus Supplement at S-95.

    b. "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." Prospectus Supplement at S-95. *See also* Prospectus at 14.

    c. "Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for most of 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." Prospectus Supplement at S-96.

d. "The depositor 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 and repayment ability and/or the value and adequacy of the related collateral." Prospectus at 12.

e. "With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made." Prospectus at 14.

f. "The 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 Corporation's Expanded Criteria Seller Guide . . . The Seller Guide will describe underwriting standards relating to mortgage loans . . ." Prospectus at 15.

g. "Residential Funding Corporation 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 Corporation's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program." Prospectus at 16.

h. "Except in the case of a Designated Seller Transaction or unless otherwise specified in the accompanying prospectus supplement, with respect to any mortgage loan, including Expanded Criteria Program loans, or contracts constituting a part of the trust, in most cases Residential Funding Corporation will generally represent and warrant that . . . . as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects . . . In a Designated Seller Transaction, unless otherwise specified . . . the designated seller will have made representations and warranties regarding the loans to the depositor in most cases similar to those made by Residential Funding Corporation and described above." Prospectus at 20.

i. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus at 14.

j. "A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria." Prospectus at 15.

k. "For most mortgage collateral sellers, Residential Funding Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans." Prospectus at 16.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 14.

b. "In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors . . ." Prospectus at 16.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

a. The Prospectus Supplement represented (at S-89) that 1,576 loans (81.5%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, 82 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, 81 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, 54 were loans on which the borrower owned other

properties during the same time period of ownership as the securitized property.

iv. Of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, 154 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, 359 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,299 loans reviewed that were allegedly secured by owner-occupied properties, a total of 163, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 12.5% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-87) that:

i. The weighted average LTV ratio was 76.93%;

ii. Only 126 loans (6.51%) had an LTV higher than 80%.

iii. Only 30 loans (1.55%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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 . . . 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 aplicable, 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." Prospectus Supplement at S-96.

c. "The appraisal will have considered a market data analysis of recent sales of comparable properties . . . 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 . . . currently supports and is anticipated to support in the future the outstanding loan balance." Prospectus at 13.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 81.89%.

ii. 57.41% of the loans had an LTV higher than 80%.

iii. 18.94% of the loans had an LTV higher than 90%.

iv. 6.94% of the loans had an LTV higher than 100%.

v. 20.65% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 4.63% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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." Prospectus Supplement at S-95.

b. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 15.

c. "The depositor 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 and repayment ability and/or the value and adequacy of the related collateral." Prospectus at 12.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

   a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-6 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-14.

   b. "It is a condition of the issuance of the Senior Certificates, other than the Class A2-I Certificates and the Class A2-II Certificates, that they be rated 'AAA' by Standard & Poor's . . . and 'Aaa' by Moody's . . . 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." Prospectus Supplement at S-146.

   c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

   a. The Prospectus Supplement represented (at S-89) 735 loans (38%) were issued under full-documentation procedures.

   b. "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. 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 verification of deposits at financial institutions where the mortgagor had demand or savings accounts." Prospectus at 13.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for all of these certificates will be provided by additional subordination." Prospectus Supplement at S-1, S-149.

Exhibit E
Misrepresentations in the Offering Documents for RALI 2005-QS6

Collateral type: Fixed rate mortgage loans secured by first liens on one- to four-family residential properties.

Initial number of mortgage loans: 1,529.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "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." Prospectus Supplement at S-29, S-30.

   b. "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." Prospectus Supplement at S-30. *See also* Prospectus at 15.

   c. "Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for most of 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." Prospectus Supplement at S-30.

d. "The depositor 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 and repayment ability and/or the value and adequacy of the related collateral." Prospectus at 12.

e. "With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made." Prospectus at 14.

f. "The 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 Corporation's Expanded Criteria Seller Guide . . . The Seller Guide will describe underwriting standards relating to mortgage loans . . ." Prospectus at 15.

g. "Residential Funding Corporation 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 Corporation's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program." Prospectus at 16.

h. "Except in the case of a Designated Seller Transaction or unless otherwise specified in the accompanying prospectus supplement, with respect to any mortgage loan, including Expanded Criteria Program loans, or contracts constituting a part of the trust, in most cases Residential Funding Corporation will generally represent and warrant that . . . . as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects . . . In a Designated Seller Transaction, unless otherwise specified . . . the designated seller will have made representations and warranties regarding the loans to the depositor in most cases similar to those made by Residential Funding Corporation and described above." Prospectus. p. 20.

i. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus. at 14.

j. "A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria." Prospectus at 15.

k. "For most mortgage collateral sellers, Residential Funding Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans." Prospectus at 16.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 14.

b. "In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors . . ." Prospectus at 16.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at S-24) that 1,029 loans (67.3%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 828 loans reviewed that were allegedly secured by owner-occupied properties, 66 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 828 loans reviewed that were allegedly secured by owner-occupied properties, 79 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 828 loans reviewed that were allegedly secured by owner-occupied properties, 50 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 828 loans reviewed that were allegedly secured by owner-occupied properties, 144 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 828 loans reviewed that were allegedly secured by owner-occupied properties, 133 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 828 loans reviewed that were allegedly secured by owner-occupied properties, a total of 127, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 15.3% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-28) that:

i. The weighted average LTV ratio was 77.32%;

ii. Only 396 loans (25.9%) had an LTV higher than 80%.

iii. Only 132 loans (8.63%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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 . . . 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 aplicable, 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." Prospectus Supplement at S-30.

c. "The appraisal will have considered a market data analysis of recent sales of comparable properties . . . 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 . . . currently supports and is anticipated to support in the future the outstanding loan balance." Prospectus at 13.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 83.46%.

ii. 55.03% of the loans had an LTV higher than 80%.

iii. 29.25% of the loans had an LTV higher than 90%.

iv. 12.80% of the loans had an LTV higher than 100%.

v. 27.79% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 8.96% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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." Prospectus Supplement at S-30. *See also* Prospectus at 15.

b. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including

property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 15.

c. "The depositor 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 and repayment ability and/or the value and adequacy of the related collateral." Prospectus at 12.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-6 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-11.

b. "It is a condition of the issuance of the Senior Certificates (other than the Class A-7 Certificates) that they be rated 'AAA' by Fitch . . . and 'Aaa' by Moody's . . . The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure . . . 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." Prospectus Supplement at S-78.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-26) 744 loans (48.7%) were issued under full-documentation procedures.

b. "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. 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 verification of deposits at financial institutions where the mortgagor had demand or savings accounts." Prospectus at 13.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for all of these certificates will be provided by additional subordination." Prospectus Supplement at S-1.

Exhibit F
Misrepresentations in the Offering Documents for RALI 2006-QO3

Collateral type: Adjustable-rate mortgage loans secured by first liens on one- to four-family residential properties.

Initial number of mortgage loans: 1,897.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "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." Prospectus Supplement at S-44.

   b. "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 . . . The originator's guidelines for mortgage loans will, in most cases, specify that scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective mortgagor's gross income." Prospectus Supplement at S-44. *See also* Prospectus at 13-14.

   c. "All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding. . . . Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase . . . ." Prospectus Supplement at S-46.

d. "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." Prospectus Supplement at S-45.

e. "The depositor 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." Prospectus at 12.

f. "With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made." Prospectus at 14.

g. "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 Corporation's Expanded Criteria Seller Guide as it applies to the Expanded Criteria Program, or Seller Guide, as modified from time to time." Prospectus at 15.

h. "Residential Funding Corporation 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 Corporation's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program." Prospectus at 16.

i. "Residential Funding Corporation will generally represent and warrant that: as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects." Prospectus at 19.

j. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus at 14.

k. "A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria." Prospectus at 15.

l. "For most mortgage collateral sellers, Residential Funding Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans." Prospectus at 16.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[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 at S-46. *See also* Prospectus at 14.

b. "In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors . . ." Prospectus at 16.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

a. The Prospectus Supplement represented (at I-5) that 1,606 loans (84.7%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, 70 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, 109 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, 105 were loans on which the borrower owned other

properties during the same time period of ownership as the securitized property.

iv. Of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, 174 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, 148 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,271 loans reviewed that were allegedly secured by owner-occupied properties, a total of 173, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 13.6% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at I-3) that:

i. The weighted average LTV ratio was 74.31%.

ii. Only 103 loans (5.43%) had an LTV higher than 80%.

iii. Only 27 loans (1.42%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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. . . . 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." Prospectus Supplement at S-45.

c. "The appraisal will have considered a market data analysis of recent sales of comparable properties. . . . 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 . . . . currently supports and is anticipated to support in the future the outstanding loan balance." Prospectus at 13.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 85.79%.

ii. 62.24% of the loans had an LTV higher than 80%.

iii. 32.77% of the loans had an LTV higher than 90%.

iv. 13.36% of the loans had an LTV higher than 100%.

v. 38.20% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 10.33% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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." Prospectus Supplement at S-44. See also Prospectus at 13.

b. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 15.

c. "The depositor 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." Prospectus at 12.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-6 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-14.

b. "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." Prospectus Supplement at S-102.

c. "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. . . . 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." Prospectus Supplement at S-102.

d. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at I-5) that 242 loans (13%) were issued under full/alternate documentation procedures.

b. "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. 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." Prospectus at 12-13.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for the offered certificates consists of: excess cash flow; overcollateralization; and subordination provided to the Class A Certificates by the Class M Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority." Prospectus Supplement at S-1.

   b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the offered certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the offered certificates against some realized losses by making an additional payment of principal up to the amount of the realized losses. Overcollateralization. On the closing date, the trust will issue an aggregate principal amount of offered certificates which is approximately equal to 99.20% of the aggregate principal balance of the mortgage loans as of the cut-off date. On each distribution date, to the extent not used to cover realized losses, excess cash flow, if necessary, will be used to pay principal to the offered certificates, reducing the aggregate certificate principal balance of those certificates below the aggregate principal balance of the mortgage loans to the extent necessary to maintain the required overcollateralization amount. The excess amount of the balance of the mortgage loans represents overcollateralization, which may absorb some losses on the mortgage loans to the extent not covered by excess cash flow." Prospectus Supplement at S-13.

Exhibit G
Misrepresentations in the Offering Documents for RALI 2006-QS14

Collateral type: Conventional, fixed rate loans that are secured by first liens on one- to four-family residential properties.

Initial number of mortgage loans: 3,026.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "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." Prospectus Supplement at S-45.

   b. "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." Prospectus Supplement at S-45. *See also* Prospectus at 13.

   c. "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." Prospectus Supplement at S-46.

d. "Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for most of 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." Prospectus Supplement at S-46.

e. "The depositor expects that the originator of each of the 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." Prospectus at 12.

f. "With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made." Prospectus at 14.

g. "The 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 Corporation's Expanded Criteria Seller Guide." Prospectus at 15.

h. "Residential Funding Corporation 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 Corporation's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program." Prospectus at 16.

i. "Residential Funding Company, LLC will generally represent and warrant that: as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects;. . ." Prospectus at 20.

j. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus. at 14.

k. "A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria." Prospectus at 15.

1. "For most mortgage collateral sellers, Residential Funding Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans." Prospectus at 16.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[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 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 at S-46; *see also* Prospectus at 14.

   b. "In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors . . ." Prospectus at 16.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at S-12) that 2,210 of the loans (73.03%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, 77 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, 112 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, 79 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, 184 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, 267 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,184 loans reviewed that were allegedly secured by owner-occupied properties, a total of 174, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 14.7% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at I-7) that:

i. The weighted average LTV ratio was 77.46%;

ii. Only 323 loans (10.67%) had LTVs higher than 80%.

iii. Only 132 loans (4.36%) had LTVs higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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 . . . 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-45, S-46.

c. "The appraisal will have considered a market data analysis of recent sales of comparable properties . . . 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 . . . currently supports and is anticipated to support in the future the outstanding loan balance." Prospectus at 13.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 84.92%.

ii. 61.12% of the loans had an LTV higher than 80%.

iii. 30.96% of the loans had an LTV higher than 90%.

iv. 15.23% of the loans had an LTV higher than 100%.

v. 34.92% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 9.95% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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." Prospectus Supplement at S-45.

b. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including

property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 15.

c. "The depositor expects that the originator of each of the 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." Prospectus at 12.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on pages S-8 and S-9 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-17.

b. "It is a condition of the issuance of the Senior Certificates that they be rated 'AAA' by Fitch Ratings . . . 'AAA' by Standard & Poor's Ratings Services . . . and 'Aaa' by Moody's . . . The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the underlying mortgage loans and the structure of the transaction as described in the operative documents . . . The ratings assigned by Standard & Poor's to 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 ratings assigned by Moody's to the Senior Certificates address the likelihood of the receipt by the Senior 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." Prospectus Supplement at S-127.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶

73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at I-4) that 874 loans (29%) were issued under full/alternate documentation procedures.

b. "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. 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 verification of deposits at financial institutions where the mortgagor had demand or savings accounts." Prospectus at 12-13.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for all of these certificates will be provided by additional classes of subordinated certificates which are not offered hereby." Prospectus Supplement at S-1.

Exhibit H
Misrepresentations in the Offering Documents for RALI 2007-QH6

Collateral type: Payment option, hybrid adjustable-rate mortgage loans secured by first liens on one- to four-family residential properties.

Initial number of mortgage loans: 1,549.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "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." Prospectus Supplement at S-47.

   b. "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. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses. The originator's guidelines for mortgage loans will, in most cases, specify that scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective mortgagor's gross income." Prospectus Supplement at S-48. *See also* Prospectus at 19.

   c. "All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding Company, LLC. . . .

Residential Funding Company, LLC will review each mortgage loan for compliance with its underwriting standards prior to purchase . . . ." Prospectus Supplement at S-49.

d. "Prior to assigning the mortgage loans to the depositor, Residential Funding Company, LLC 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." Prospectus Supplement at S-48.

e. "The depositor 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. All of the mortgage loans constituting the mortgage pool for a series of certificates will have been acquired either directly or indirectly by the depositor through the Expanded Criteria Program . . . ." Prospectus at 17.

f. "With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made." Prospectus at 20.

g. "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." Prospectus at 21.

h. "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." Prospectus at 22.

i. "Residential Funding Company, LLC will generally represent and warrant that: as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects." Prospectus at 27.

j. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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. Such underwriting reviews will generally not be conducted with respect to any individual mortgage pool related to a series of certificates . . . In addition, Residential Funding Company, LLC may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of drive-by appraisals, automated valuations or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends. These alternative valuation methods may not be as reliable as the type of mortgagor financial information or appraisals that are typically obtained at origination. In its underwriting analysis, Residential Funding Company, LLC may also consider the applicable 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 the depositor." Prospectus at 19.

k. "A portion of the mortgage loans typically will be reviewed by Residential Funding Corporation or by a designated third party for compliance with applicable underwriting criteria." Prospectus at 22.

l. "For most mortgage collateral sellers, Residential Funding Corporation will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans." Prospectus at 23.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[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 at S-49. *See also* Prospectus at 20.

b. "In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors . . ." Prospectus at 22.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

a. The Prospectus Supplement represented (at I-6) that 1,282 loans (82.8%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, 100 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, 168 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, 158 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, 242 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, 151 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, a total of 239, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 19.4% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at I-4) that:

i. The weighted average LTV ratio was 73.89%.

ii. Only 139 loans (8.97%) had an LTV higher than 80%.

iii. Only 32 loans (2.07%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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. . . . 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." Prospectus Supplement at S-48.

c. "The appraisal will have considered a market data analysis of recent sales of comparable properties. . . . 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 . . . currently supports and is anticipated to support in the future the outstanding loan balance." Prospectus at 19.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 91.94%.

ii. 74.22% of the loans had an LTV higher than 80%.

iii. 53.62% of the loans had an LTV higher than 90%.

iv. 28.60% of the loans had an LTV higher than 100%.

v. 64.06% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 23.14% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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." Prospectus Supplement at S-48. See also Prospectus at 19.

b. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 21.

c. "The depositor 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." Prospectus at 17.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-7 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-16.

b. "It is a condition of the issuance of the offered certificates that they be rated as indicated on page S-7 of this prospectus supplement." Prospectus Supplement at S-110.

c. "Ratings assigned by Standard & Poor's Rating Services . . . 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. . . . 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." Prospectus Supplement at S-110.

d. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at I-6) that 227 loans (15%) were issued under full/alternate documentation procedures.

b. "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. 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." Prospectus at 18.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: net monthly excess cash flow; overcollateralization; a swap agreement; and subordination provided to the Class A Certificates by the Class M Certificates and the Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority and the Class B Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the offered certificates against some realized losses by making an additional payment of principal up to the amount of the realized losses.

Overcollateralization. On the closing date, the trust will issue an aggregate principal amount of Class A, Class M and Class B Certificates which is approximately equal to 99.50% of the aggregate principal balance of the mortgage loans as of the cut-off date. On each distribution date, to the extent not used to cover realized losses, excess cash flow, if necessary, will be used to pay principal to the Class A, Class M and Class B Certificates, reducing the aggregate certificate principal balance of those certificates below the aggregate principal balance of the mortgage loans to the extent necessary to maintain the required overcollateralization amount. The excess amount of the balance of the mortgage loans represents overcollateralization, which may absorb some losses on the mortgage loans to the extent not covered by excess cash flow. Subordination. As long as the Class B Certificates and Class M Certificates remain outstanding, losses on the mortgage loans which are not covered by excess cash flow, net swap payments received by the supplemental interest trust or overcollateralization will be allocated to the Class B Certificates and then to the class of Class M Certificates with the lowest payment priority, and the other classes of certificates will not bear any portion of such losses, except as described in this prospectus supplement. If none of the Class B Certificates or Class M Certificates are outstanding, all such losses will be allocated first to the Class A-3 Certificates and then to Class A-2 Certificates, as described in this prospectus supplement. See 'Description of the Certificates—Allocation of Losses; Subordination' in this prospectus supplement. Swap Agreement. The holders of the Class A, Class M and Class B Certificates may benefit from a swap agreement." Prospectus Supplement at S-15.

Exhibit I
Misrepresentations in the Offering Documents for RAMP 2004-RZ4

Collateral type: Fixed-rate and adjustable-rate mortgage loans secured by first liens on one- to two- family residential properties.

Initial number of mortgage loans: 1,915.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "Evaluation Standards for Negotiated Conduit Asset Program Loans: Most negotiated conduit asset program loans are evaluated by Residential Funding Corporation to determine whether the characteristics of the loan, the borrower and the collateral, taken as a whole, represent a prudent lending risk. The factors considered include: the mortgage loan's payment terms and characteristics; the borrower's credit score; the value of the mortgaged property, which may be estimated using a broker's price opinion or a statistical valuation; the credit and legal documentation associated with the loan; the seasoning of the loan; an evaluation of the financial capacity, eligibility and experience of the seller and/or servicer of the loan; and the representations and warranties made by the seller. In most cases, Residential Funding Corporation orders an updated credit score for each loan reviewed. For seasoned loans, an updated credit score is ordered for the primary borrower as reported on the tape data or loan file submitted by the seller. Periodic quality control reviews are performed. Broker's price opinions are obtained if, among other reasons, the loan is delinquent or the principal balance of the mortgage loan exceeds $400,000. In addition, statistical property valuations and drive-by appraisals may be used, or a review may be done of the original appraisal." Prospectus at 25.

   b. "The depositor expects that the originator of each of the 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 depositor expects that any FHA loans or VA loans will have been originated in compliance with the underwriting policies of the FHA or VA, respectively." Prospectus at 19.

   c. "All of the mortgage loans were originated and underwritten in accordance with the Home Solution Program. Prior to assignment to the Company, Residential Funding reviewed the underwriting of each of the mortgage loans and determined that it was in conformity with the standards set forth below." Prospectus Supplement at S-48.

d. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans: the creditworthiness of a mortgagor, the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations (including in certain instances rental income from investment property), and the adequacy of the mortgaged property (expressed in terms of Loan-to-Value Ratio), to serve as the collateral for a mortgage loan. In addition, Credit Scores are obtained and debt-to-income ratios are calculated and are considered in the underwriting of the loan." Prospectus Supplement at S-55.

e. "The mortgage collateral sellers that participate in the Home Solution Program, referred to as Home Solution Program Sellers, have been selected by Residential Funding on the basis of various criteria set forth in Residential Funding's Home Solution Seller Guide. For those mortgage loans that Residential Funding purchased from Home Solution Program Sellers, each mortgage loan determined by Residential Funding to be acceptable for purchase would have been originated in accordance with, or would have been determined to be generally consistent with the provisions of, the Home Solutions Seller Guide." Prospectus Supplement at S-54.

f. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following: . . . [e]ach mortgage loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws . . . ." Prospectus Supplement at S-23.

g. "Based on the data provided in the application, certain verifications, and the appraisal or appraisals of the mortgaged property, a determination was made by the original lender that the mortgagor's monthly income would be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan, including property taxes and standard hazard insurance, with at least $1,500 per month remaining." Prospectus Supplement at S-55; *see also* Prospectus at 22.

h. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 23.

i. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any . . . In reviewing seasoned loans, or loans that have been outstanding for more than 12 months, Residential Funding Corporation may take into consideration, in addition to or in lieu of the factors described above, the borrower's actual payment history in

assessing a borrower's current ability to make payments on the loan. In addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of statistical valuations, drive-by appraisals or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends." Prospectus at 23.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 19.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at S-31) that 1,635 loans (85.4%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,133 loans reviewed that were allegedly secured by owner-occupied properties, 72 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,133 loans reviewed that were allegedly secured by owner-occupied properties, 78 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,133 loans reviewed that were allegedly secured by owner-occupied properties, 34 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,133 loans reviewed that were allegedly secured by owner-occupied properties, 135 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,133 loans reviewed that were allegedly secured by owner-occupied properties, 269 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,229 loans reviewed that were allegedly secured by owner-occupied properties, a total of 142, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 12.5% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-29) that:

i. The weighted average LTV ratio was 102.19%.

ii. Only 1,042 loans (54.41%) had an LTV higher than 100%.

iii. No loan had an LTV higher than 107%.

b. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal . . . 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." Prospectus at 20.

c. "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 . . . currently supports . . . and is anticipated to support in the future, the outstanding loan balance." Prospectus at 21.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 106.81%.

ii. 68.96% of the loans had an LTV higher than 100%.

iii. 26.40% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

iv. 6.46% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property . . . The originator's guidelines for loans will, in most cases, specify that scheduled payments on a loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective borrower's gross income." Prospectus at 22.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive the ratings listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-11.

b. "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 by Standard & Poor's and Moody's . . . The ratings assigned by Moody's to the offered certificates address the structural, legal and issuer-related aspects associated with the certificates, including the nature and quality of the underlying mortgage loans . . . Standard & Poor's ratings on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of distributions required under the pooling and servicing agreement." Prospectus Supplement at S-109, S-110.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-32) that 1,612 loans (84.2%) were issued under full-documentation procedures.

b. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 19.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow and overcollateralization; and subordination provided to the Class A Certificates by the Class M Certificates and the Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower distribution priority and the Class B Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is

payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow." Prospectus Supplement at S-10.

Exhibit J
Misrepresentations in the Offering Documents for RAMP 2004-RZ2

Collateral type: Two groups of fixed-rate and adjustable-rate mortgage loans secured by first liens on one- to two- family residential properties.

Initial number of mortgage loans: Group I: 2,120. Group II: 1,132.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "Evaluation Standards for Negotiated Conduit Asset Program Loans: Most negotiated conduit asset program loans are evaluated by Residential Funding Corporation to determine whether the characteristics of the loan, the borrower and the collateral, taken as a whole, represent a prudent lending risk. The factors considered include: the mortgage loan's payment terms and characteristics; the borrower's credit score; the value of the mortgaged property, which may be estimated using a broker's price opinion or a statistical valuation; the credit and legal documentation associated with the loan; the seasoning of the loan; an evaluation of the financial capacity, eligibility and experience of the seller and/or servicer of the loan; and the representations and warranties made by the seller. In most cases, Residential Funding Corporation orders an updated credit score for each loan reviewed. For seasoned loans, an updated credit score is ordered for the primary borrower as reported on the tape data or loan file submitted by the seller. Periodic quality control reviews are performed. Broker's price opinions are obtained if, among other reasons, the loan is delinquent or the principal balance of the mortgage loan exceeds $400,000. In addition, statistical property valuations and drive-by appraisals may be used, or a review may be done of the original appraisal." Prospectus at 23-24.

   b. "The depositor expects that the originator of each of the 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 depositor expects that any FHA loans or VA loans will have been originated in compliance with the underwriting policies of the FHA or VA, respectively." Prospectus at 18.

   c. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following: . . . [e]ach mortgage loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws . . . ." Prospectus Supplement at S-26.

d. "The mortgage collateral sellers that participate in the Home Solution Program, referred to as Home Solution Program Sellers, have been selected by Residential Funding on the basis of various criteria set forth in Residential Funding's Home Solution Seller Guide. For those mortgage loans that Residential Funding purchased from Home Solution Program Sellers, each mortgage loan determined by Residential Funding to be acceptable for purchase would have been originated in accordance with, or would have been determined to be generally consistent with the provisions of, the Home Solutions Seller Guide." Prospectus Supplement at S-48.

e. "All of the mortgage loans were originated and underwritten in accordance with the Home Solution Program. Prior to assignment to the Company, Residential Funding reviewed the underwriting of each of the mortgage loans and determined that it was in conformity with the standards set forth below." Prospectus Supplement at S-48.

f. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans: the creditworthiness of a mortgagor, the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations (including in certain instances rental income from investment property), and the adequacy of the mortgaged property (expressed in terms of Loan-to-Value Ratio), to serve as the collateral for a mortgage loan. In addition, Credit Scores are obtained and debt-to-income ratios are calculated and are considered in the underwriting of the loan." Prospectus Supplement at S-49.

g. "Based on the data provided in the application, certain verifications, and the appraisal or appraisals of the mortgaged property, a determination was made by the original lender that the mortgagor's monthly income would be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan, including property taxes and standard hazard insurance, with at least $1,500 per month remaining." Prospectus Supplement at S-49; *see also* Prospectus at 21.

h. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 22.

i. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any . . . In reviewing seasoned loans, or loans that have been outstanding for more than 12 months, Residential Funding Corporation may take into consideration, in addition to or in lieu of the factors described above, the borrower's actual payment history in

assessing a borrower's current ability to make payments on the loan. In addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of statistical valuations, drive-by appraisals or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends." Prospectus at 22.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 18.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at S-34) that 1,767 loans (83.3%) of Group I Loans were for primary residences.

   b. The Prospectus Supplement represented (at S-43) that 996 loans (88.0%) of Group II Loans were for primary residences.

   c. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, 78 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, 101 were loans on which creditors reported a

different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, 36 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, 150 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, 271 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,373 loans reviewed that were allegedly secured by owner-occupied properties, a total of 142, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 11.2% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-32) that, for Group I Loans:

i. The weighted average LTV ratio was 102.49%;

ii. Only 1,260 loans (59.4%) had an LTV higher than 100%;

iii. No loan had an LTV higher than 107%.

b. The Prospectus Supplement represented (at S-41) that, for Group II Loans:

i. The weighted average LTV ratio was 101.47%;

ii. Only 550 loans (48.6%) had an LTV higher than 100%;

iii. No loan had an LTV higher than 107%.

c. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal . . . 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." Prospectus at 20.

d. "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 . . . currently supports . . . and is anticipated to support in the future, the outstanding loan balance." Prospectus at 21.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 104.03%.

ii. 62.31% of the loans had an LTV higher than 100%.

iii. 26.02% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

iv. 7.82% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property . . . The originator's guidelines for loans will, in most cases, specify that scheduled payments on a loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations

that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective borrower's gross income." Prospectus at 21.

b. The Prospectus Supplement also gave specific representations as to the weighted average debt-to-income ratio. Prospectus Supplement at S-30, S-39.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive the ratings not lower than those listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-13.

b. "It is a condition of the issuance of the Class A Certificates that they be rated 'Aaa' by Moody's . . . and 'AAA' by Standard & Poor's . . . . The ratings assigned by Moody's to the offered certificates address the structural, legal and issuer-related aspects associated with the certificates, including the nature and quality of the underlying mortgage loans . . . Standard & Poor's ratings on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of distributions required under the pooling and servicing agreement." Prospectus Supplement at S-109, S-110.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-35) that 1,866 loans (88.0%) of Group I Loans were issued under full-documentation procedures.

b. The Prospectus Supplement represented (at S-44) that 912 loans (80.6%) of Group II Loans were issued under full-documentation procedures.

c. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the

borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 19.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for the offered certificates consists of: excess cash flow and overcollateralization; cross-collateralization; and two certificate guaranty insurance policies issued by Financial Guaranty Insurance Corporation." Prospectus Supplement at S-1.

   b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Certificate Guaranty Insurance Policy. On the closing date, the certificate insurer will issue two certificate guaranty insurance policies in favor of the trustee, one policy for the benefit of the holders of the Class AI Certificates and the other policy for the benefit of the holders of the Class A-II Certificates. Each certificate guaranty insurance policy will unconditionally and irrevocably guarantee shortfalls in amounts available to pay the interest distribution amounts for the related offered certificates on any distribution date, will cover any losses allocated to the related offered certificates if not covered by excess cash flow, overcollateralization or the crosscollateralization described in this prospectus supplement and will guarantee amounts due on the related offered certificates, other than the Class A-IO Certificates, on the distribution date in July 2034. However, the certificate guaranty insurance policies will not provide coverage for some interest shortfalls as described in this prospectus supplement." Prospectus Supplement at S-12.

Exhibit K
Misrepresentations in the Offering Documents for RAMP 2005-RS4

Collateral type: Fixed-rate and adjustable-rate mortgage loans secured by first liens on one- to four- family residential properties.

Initial number of mortgage loans: 3,611.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "The mortgage loans included in the trust were acquired and evaluated under Residential Funding's 'Negotiated Conduit Asset Program' or NCA program. For a description of the NCA program and the evaluation standards for mortgage loans acquired under this program, see 'Trust Asset Program—The Negotiated Conduit Asset Program' in the prospectus." Prospectus Supplement at S-37.

    b. "Evaluation Standards for Negotiated Conduit Asset Program Loans: Most negotiated conduit asset program loans are evaluated by Residential Funding Corporation to determine whether the characteristics of the loan, the borrower and the collateral, taken as a whole, represent a prudent lending risk. The factors considered include: the mortgage loan's payment terms and characteristics; the borrower's credit score; the value of the mortgaged property, which may be estimated using a broker's price opinion or a statistical valuation; the credit and legal documentation associated with the loan; the seasoning of the loan; an evaluation of the financial capacity, eligibility and experience of the seller and/or servicer of the loan; and the representations and warranties made by the seller. In most cases, Residential Funding Corporation orders an updated credit score for each loan reviewed. For seasoned loans, an updated credit score is ordered for the primary borrower as reported on the tape data or loan file submitted by the seller. Periodic quality control reviews are performed. Broker's price opinions are obtained if, among other reasons, the loan is delinquent or the principal balance of the mortgage loan exceeds $400,000. In addition, statistical property valuations and drive-by appraisals may be used, or a review may be done of the original appraisal." Prospectus at 23-24.

    c. "The depositor expects that the originator of each of the 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 depositor expects that any FHA loans or VA loans will have been originated in compliance with the underwriting policies of the FHA or VA, respectively." Prospectus at 18.

d. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following: . . . [e]ach mortgage loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws . . ." Prospectus Supplement at S-36.

e. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property." Prospectus at 22.

f. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 23.

g. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any . . . In reviewing seasoned loans, or loans that have been outstanding for more than 12 months, Residential Funding Corporation may take into consideration, in addition to or in lieu of the factors described above, the borrower's actual payment history in assessing a borrower's current ability to make payments on the loan. In addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of statistical valuations, drive-by appraisals or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends." Prospectus at 23.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 19.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at S-29) that 2,676 loans (74.1%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, 79 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, 101 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, 41 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, 149 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, 280 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 1,160 loans reviewed that were allegedly secured by owner-occupied properties, a total of 155, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 13.4% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The

defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-27) that:

   i. The weighted average LTV ratio was 93.55%;

   ii. Only 81 loans (2.24%) had an LTV higher than 100%.

   iii. No loan had an LTV higher than 110%.

b. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal . . . 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." Prospectus at 20.

c. "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 . . . currently supports . . . and is anticipated to support in the future, the outstanding loan balance." Prospectus at 20.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

   i. The weighted average LTV ratio was 100.07%.

   ii. 46.31% of the loans had an LTV higher than 100%.

   iii. 30.42% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

   iv. 10.22% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by

a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property . . . The originator's guidelines for loans will, in most cases, specify that scheduled payments on a loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective borrower's gross income." Prospectus at 22.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-6 of this prospectus supplement." Prospectus Supplement at S-11.

b. "It is a condition of the issuance of the Class A Certificates that they be rated 'Aaa' by Moody's . . . 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 . . . The ratings assigned by Fitch 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. Fitch'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." Prospectus Supplement at S-101, 102.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-29) that 2,707 loans (75%) were issued under full-documentation procedures.

b. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 19.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow and overcollateralization; a swap agreement for the Class A, Class M and Class B Certificates; and subordination provided to the Class A Certificates by the Class M Certificates and Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority and the Class B Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Subordination. Except as described below, if the Class B Certificates remain outstanding, losses on the mortgage loans which are not covered by the swap agreement, excess cash flow or overcollateralization will be allocated to the class of Class B Certificates with the lowest payment priority, and the other classes of certificates will not bear any portion of such losses. If none of the Class B Certificates are outstanding and Class M Certificates remain outstanding, all such losses will be allocated to the Class M Certificates with the lowest payment priority, and the other classes of certificates will not bear any portion of such

losses. If none of the Class B Certificates are outstanding and none of the Class M Certificates are outstanding, all such losses will be allocated to the Class A Certificates as described in this prospectus supplement. The Swap Agreement. The holders of the Class A, Class M and Class B Certificates will benefit from a swap agreement." Prospectus Supplement at S-10.

Exhibit L
Misrepresentations in the Offering Documents for RAMP 2006-RS3

Collateral type: Fixed-rate and adjustable-rate mortgage loans secured by first liens on one- to four- family residential properties.

Initial number of mortgage loans: 3,499.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "Evaluation Standards for Negotiated Conduit Asset Program Loans: Most negotiated conduit asset program loans are evaluated by Residential Funding Corporation to determine whether the characteristics of the loan, the borrower and the collateral, taken as a whole, represent a prudent lending risk. The factors considered include: the mortgage loan's payment terms and characteristics; the borrower's credit score; the value of the mortgaged property, which may be estimated using a broker's price opinion or a statistical valuation; the credit and legal documentation associated with the loan; the seasoning of the loan; an evaluation of the financial capacity, eligibility and experience of the seller and/or servicer of the loan; and the representations and warranties made by the seller. In most cases, Residential Funding Corporation orders an updated credit score for each loan reviewed. For seasoned loans, an updated credit score is ordered for the primary borrower as reported on the tape data or loan file submitted by the seller. Periodic quality control reviews are performed. Broker's price opinions are obtained if, among other reasons, the loan is delinquent or the principal balance of the mortgage loan exceeds $400,000. In addition, statistical property valuations and drive-by appraisals may be used, or a review may be done of the original appraisal." Prospectus at 25.

    b. "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." Prospectus Supplement at S-46.

    c. "The depositor expects that the originator of each of the 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

depositor expects that any FHA loans or VA loans will have been originated in compliance with the underwriting policies of the FHA or VA, respectively." Prospectus at 20.

d. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following: . . . [e]ach mortgage loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws . . . ." Prospectus Supplement at S-43.

e. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property." Prospectus at 23.

f. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 24.

g. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any . . . In reviewing seasoned loans, or loans that have been outstanding for more than 12 months, Residential Funding Corporation may take into consideration, in addition to or in lieu of the factors described above, the borrower's actual payment history in assessing a borrower's current ability to make payments on the loan. In addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of statistical valuations, drive-by appraisals or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends." Prospectus at 24.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[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." Prospectus Supplement at S-46; *see also* Prospectus at 20.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at II-5) that 2,012 loans (57.5%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 976 loans reviewed that were allegedly secured by owner-occupied properties, 78 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 976 loans reviewed that were allegedly secured by owner-occupied properties, 101 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 976 loans reviewed that were allegedly secured by owner-occupied properties, 36 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 976 loans reviewed that were allegedly secured by owner-occupied properties, 150 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 976 loans reviewed that were allegedly secured by owner-occupied properties, 271 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 976 loans reviewed that were allegedly secured by owner-occupied properties, a total of 149, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's

analytical tests. This represents 15.3% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

   a. The Prospectus Supplement represented (at II-3) that:

      i. The weighted average LTV ratio was 80.22%;

      ii. Only 1,279 loans (36.5%) had an LTV higher than 80%;

      iii. Only 495 loans (14.14%) had an LTV higher than 90%;

      iv. No loan had an LTV higher than 95%.

   b. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal . . . 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." Prospectus at 21.

   c. "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 . . . currently supports . . . and is anticipated to support in the future, the outstanding loan balance." Prospectus at 22.

   d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

      i. The weighted average LTV ratio was 92.07%.

      ii. 71.63% of the loans had an LTV higher than 80%.

      iii. 44.43% of the loans had an LTV higher than 90%.

iv. 23.25% of the loans had an LTV higher than 100%.

v. 33.10% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 12.71% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property . . . The originator's guidelines for loans will, in most cases, specify that scheduled payments on a loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective borrower's gross income." Prospectus at 23.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive the ratings listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-14.

b. "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 by Moody's . . . Standard & Poor's . . . and Fitch Ratings . . . 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 . . . The ratings assigned by Fitch to the offered certificates address the likelihood of the receipt by the offered certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its

analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the operative documents . . . 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." Prospectus Supplement at S-118.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at II-5) that 723 loans (20.7%) were issued under full-documentation procedures.

b. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 21.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow from the mortgage loans and overcollateralization; a mortgage pool insurance policy; and subordination provided to the Class A Certificates by the Class M Certificates and Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority. The trust will also enter into a swap agreement for the Class A Certificates and Class M Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to

protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Subordination. If the Class M Certificates remain outstanding, losses on the mortgage loans which are not covered by amounts received under the swap agreement, excess cash flow or overcollateralization, as and to the extent described in this prospectus supplement, will be allocated to the class of Class M Certificates with the lowest payment priority, and the other classes of offered certificates will not bear any portion of such losses . . . . Mortgage Pool Policy Mortgage Pool Policy: The mortgage loans will be insured by a mortgage pool insurance policy issued by the pool insurer. Such policy will cover losses on the mortgage loans to the extent that such losses exceed 3.6% of the aggregate principal balance . . . The Swap Agreement. The holders of the offered certificates will benefit from any payments made by the swap counterparty under a swap agreement." Prospectus Supplement at S-12.

Exhibit M
Misrepresentations in the Offering Documents for RAMP 2006-RZ3

Collateral type: Fixed-rate and adjustable-rate mortgage loans secured by first liens on one- to four- family residential properties.

Initial number of mortgage loans: 4,596.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "Evaluation Standards for Negotiated Conduit Asset Program Loans: Most negotiated conduit asset program loans are evaluated by Residential Funding Corporation to determine whether the characteristics of the loan, the borrower and the collateral, taken as a whole, represent a prudent lending risk. The factors considered include: the mortgage loan's payment terms and characteristics; the borrower's credit score; the value of the mortgaged property, which may be estimated using a broker's price opinion or a statistical valuation; the credit and legal documentation associated with the loan; the seasoning of the loan; an evaluation of the financial capacity, eligibility and experience of the seller and/or servicer of the loan; and the representations and warranties made by the seller. In most cases, Residential Funding Corporation orders an updated credit score for each loan reviewed. For seasoned loans, an updated credit score is ordered for the primary borrower as reported on the tape data or loan file submitted by the seller. In addition, statistical property valuations and drive-by appraisals may be used, or a review may be done of the original appraisal." Prospectus at 25-26.

    b. "The depositor expects that the originator of each of the 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 depositor expects that any FHA loans or VA loans will have been originated in compliance with the underwriting policies of the FHA or VA, respectively." Prospectus at 20.

    c. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates, the following: . . . [e]ach mortgage loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws . . . ." Prospectus Supplement at S-38.

d. "All of the mortgage loans were originated in accordance with the underwriting standards of Residential Funding as described under '—Underwriting Standards' above." Prospectus Supplement at S-42.

e. "Prior to assignment to the Company, Residential Funding reviewed the underwriting of each of the mortgage loans and determined that it was in conformity with the standards set forth below . . . ." Prospectus Supplement at S-40.

f. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans: the creditworthiness of a mortgagor, the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations (including in certain instances rental income from investment property), and the adequacy of the mortgaged property (expressed in terms of Loan-to-Value Ratio), to serve as the collateral for a mortgage loan. In addition, Credit Scores are obtained and debt-to-income ratios are calculated and are considered in the underwriting of the loan." Prospectus Supplement at S-41.

g. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property." Prospectus at 23.

h. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 24.

i. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any . . . In reviewing seasoned loans, or loans that have been outstanding for more than 12 months, Residential Funding Corporation may take into consideration, in addition to or in lieu of the factors described above, the borrower's actual payment history in assessing a borrower's current ability to make payments on the loan. In addition, Residential Funding Corporation may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of statistical valuations, drive-by appraisals or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends." Prospectus at 24.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[A] loan may be considered to comply with the underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the loan is considered to be in substantial compliance with the underwriting standards." Prospectus at 20.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at III-5) that 3,683 loans (80.1%) were for primary residences.

   b. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief the true rate of owner occupancy was only 69.9% i.e., the Offering Materials overstated the amount of owner occupancy by 10.2%.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

   a. The Prospectus Supplement represented (at III-3) that:

      i. The weighted average LTV ratio was 100.25%;

      ii. Only 379 loans (8.25%) had an LTV higher than 100%;

      iii. No loan had an LTV higher than 107%.

b. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal . . . 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." Prospectus at 21.

c. "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 . . . currently supports . . . and is anticipated to support in the future, the outstanding loan balance." Prospectus at 22-23.

d. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief:

i. The weighted average LTV ratio was understated by 7.57%.

ii. The number of loans that had an LTV higher than 100% was understated by 18.11%.

iii. 33.60% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

iv. 10.18% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "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 generally made by the original lender that the borrower's monthly income, if required to be stated, would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property . . . . The originator's guidelines for loans will, in most cases, specify that scheduled payments on a loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned

above and other fixed obligations, would equal no more than specified percentages of the prospective borrower's gross income." Prospectus at 23.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

   a. "When issued, the offered certificates will receive the ratings listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-13.

   b. "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 by Moody's . . . Standard & Poor's . . . and Fitch Ratings . . . 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 . . . The ratings assigned by Fitch to the offered certificates address the likelihood of the receipt by the offered certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the operative documents." Prospectus Supplement at S-103.

   c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

   a. The Prospectus Supplement represented (at S-9) that 3,549 loans (77.2%) were issued under full documentation procedures.

   b. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 21.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As

confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow from the mortgage loans and overcollateralization; a mortgage pool insurance policy; and subordination provided to the Class A Certificates by the Class M Certificates and Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority. The trust will also enter into a swap agreement for the Class A Certificates and Class M Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Subordination. So long as the Class M Certificates remain outstanding, losses on the mortgage loans which are not covered by amounts received under the swap agreement, excess cash flow or overcollateralization, as and to the extent described in this prospectus supplement, will be allocated to the class of Class M Certificates with the lowest payment priority, and the other classes of offered certificates will not bear any portion of such losses . . . . The Yield Maintenance Agreement: The holders of the Class A Certificates and Class M Certificates may benefit from a series of interest rate cap payments from the yield maintenance agreement provider pursuant to a yield maintenance agreement as described in this prospectus supplement. Any amounts received by the trust under the yield maintenance agreement will be distributed as part of excess cash flow as and to the extent described under '—Excess Cash Flow and Overcollateralization.'" Prospectus Supplement at S-12.

Exhibit N
Misrepresentations in the Offering Documents for RASC 2005-KS3

Collateral type: Fixed and adjustable-rate loans secured by first or second liens on one- to four-family residential properties.

Initial number of home equity loans: 3,089.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The depositor's underwriting standards with respect to AlterNet loans and Credit Gap loans will in most cases conform to those published in Residential Funding Corporation's Client Guide . . ." Prospectus at 18.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates . . . [e]ach mortgage loan at the time it was made complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-21.

   c. "Residential Funding is opposed to predatory lending practices, as a matter of corporate policy. In addition, Residential Funding's Servicer Guide requires that each subservicer accurately and fully report its borrower credit files to credit repositories in a timely manner." Prospectus Supplement at S-22.

   d. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans: the creditworthiness of a mortgagor; the income sufficiency of a mortgagor's projected family income; relative to the mortgage payment and to other fixed obligations, including in certain instances rental income from investment property, and; the adequacy of the mortgaged property expressed in terms of LTV ratio, to serve as the collateral for a mortgage loan." Prospectus Supplement at S-39.

   e. "Residential Funding has established the AlterNet program primarily for the purchase of mortgage loans that are made to borrowers that may have imperfect credit histories, higher debt to income ratios or mortgage loans that present certain other risks to investors . . . For those mortgage loans that Residential Funding purchased from sellers in this program, each mortgage loan determined by Residential Funding to be acceptable for purchase would have been originated in accordance with or would have been determined to be generally consistent with the provisions of the Guide." Prospectus Supplement at S-42.

f. "Prior to assignment to the depositor, Residential Funding reviewed the underwriting standards for the mortgage loans and purchased all the mortgage loans from mortgage collateral sellers who participated in or whose loans were in substantial conformity with the standards set forth in Residential Funding's AlterNet Program or which are otherwise in conformity with the standards set forth in the description of credit grades set forth in this prospectus supplement." Prospectus Supplement at S-38.

g. "[I]n most cases Residential Funding Corporation will generally represent and warrant that as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects . . ." Prospectus at 22.

h. "The underwriting standards with respect to AlterNet loans and Credit Gap loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 18.

i. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 19.

j. "Generally, each mortgagor would have been required to complete 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 would have been required to furnish information with respect to the mortgagor's assets, liabilities, income, credit history, employment history and personal information, and furnished an authorization to apply for a credit report which summarized the borrower's credit history with local merchants and lenders and any record of bankruptcy." Prospectus Supplement at S-39.

k. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus at 16.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "In most cases, the mortgage loans were either originated and underwritten in accordance with Residential Funding's AlterNet Program, as discussed below, or otherwise acquired from a mortgage collateral seller based on standards consistent with the following discussion on credit grades classification. Exceptions to these standards are made, however, on a case by case basis if it is determined, generally based on compensating factors, that an underwriting exception is warranted. Compensating factors may include, but are not limited to, a low LTV ratio, stable employment, a relatively long period of time in the same residence, a mortgagor's cash reserves and savings and monthly residual income." Prospectus Supplement at S-40.

b. "The underwriting process may determine that the prospective mortgagor warrants a credit grade category upgrade based on compensating factors. Examples of compensating factors include strong residual income, strong prior mortgage history, 6 months or more of liquid reserves, LTV ratios below 65%, or a credit score above 600." Prospectus Supplement at S-42.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at S-33) that 2,814 loans (91.1%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, 115 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, 117 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, 35 were loans on which the borrower owned other

properties during the same time period of ownership as the securitized property.

iv. Of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, 213 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, 121 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,468 loans reviewed that were allegedly secured by owner-occupied properties, a total of 168, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 11.4% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-31) that:

i. The weighted average LTV ratio was 82.31%.

ii. Only 1,197 loans (38.7%) had an LTV higher than 80%.

iii. Only 588 loans (19.04%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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 would 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." Prospectus Supplement at S-40.

c. "Under Credit Grade Category A4 . . . [a] maximum LTV ratio of 95% is permitted for a mortgage loan on a single family owner-occupied property or 80% for a mortgage loan originated under a stated income documentation program. A maximum LTV ratio of 90% is permitted for a mortgage loan on a non-owner occupied property or 70% for mortgage loans originated under a stated income documentation program . . . Under Credit Category Ax . . . [a] maximum LTV ratio of 90% is permitted for a mortgage loan on a single family owner-occupied property or 85% for a mortgage loan originated under a stated income documentation program . . ." Prospectus Supplement at S-40, S-41.

d. "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." Prospectus at 16.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 89.09%.

ii. 68.77% of the loans had an LTV higher than 80%.

iii. 47.65% of the loans had an LTV higher than 90%.

iv. 24.49% of the loans had an LTV higher than 100%.

v. 33.87% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 9.09% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans" including "the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations, including in certain instances rental income from investment property." Prospectus Supplement at S-38.

b. "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 would be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses including, in the case of junior mortgage loans, payments required to be made on any senior mortgage." Prospectus at 16.

c. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 18.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "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 by Standard & Poor's and Moody's . . . . A securities rating addresses the likelihood of the receipt by the holders of the offered certificates of distributions on the mortgage loan." Prospectus Supplement at S-104.

b. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-33) that 2,214 loans (71.7%) were originated under full documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow from the mortgage loans and overcollateralization; and subordination provided to the Class A Certificates by the Class M Certificates and Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority and the Class B Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Subordination. So long as the Class M Certificates remain outstanding, realized losses on the mortgage loans which are not covered by amounts received under the swap agreement, excess cash flow or overcollateralization, as and to the extent described in this prospectus supplement, will be allocated to the class of Class M Certificates with the lowest payment priority, and the other classes of offered certificates will not bear any portion of such losses . . . The Yield Maintenance Agreement: The holders of the offered certificates may benefit from a series of interest rate cap payments from Bear Stearns Financial Products Inc. pursuant to a yield maintenance agreement provider as described in this prospectus supplement. T he yield maintenance agreement is intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR plus the related margin and the net WAC rate cap as described in this prospectus supplement." Prospectus Supplement at S-12.

Exhibit O
Misrepresentations in the Offering Documents for RASC 2005-KS4

Collateral type: Fixed and adjustable-rate loans secured by first liens on one- to four-family residential properties.

Initial number of home equity loans: 2,932.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "The depositor's underwriting standards with respect to AlterNet loans and Credit Gap loans will in most cases conform to those published in Residential Funding Corporation's Client Guide . . ." Prospectus at 14.

    b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the certificates . . . [e]ach mortgage loan at the time it was made complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-21.

    c. "Residential Funding is opposed to predatory lending practices, as a matter of corporate policy. In addition, Residential Funding's Servicer Guide requires that each subservicer accurately and fully report its borrower credit files to credit repositories in a timely manner." Prospectus Supplement at S-22.

    d. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans: the creditworthiness of a mortgagor; the income sufficiency of a mortgagor's projected family income; relative to the mortgage payment and to other fixed obligations, including in certain instances rental income from investment property, and; the adequacy of the mortgaged property expressed in terms of LTV ratio, to serve as the collateral for a mortgage loan." Prospectus Supplement at S-39.

    e. "Residential Funding has established the AlterNet program primarily for the purchase of mortgage loans that are made to borrowers that may have imperfect credit histories, higher debt to income ratios or mortgage loans that present certain other risks to investors . . . For those mortgage loans that Residential Funding purchased from sellers in this program, each mortgage loan determined by Residential Funding to be acceptable for purchase would have been originated in accordance with or would have been determined to be generally consistent with the provisions of the Guide." Prospectus Supplement at S-43.

f. "Prior to assignment to the depositor, Residential Funding reviewed the underwriting standards for the mortgage loans and purchased all the mortgage loans from mortgage collateral sellers who participated in or whose loans were in substantial conformity with the standards set forth in Residential Funding's AlterNet Program or which are otherwise in conformity with the standards set forth in the description of credit grades set forth in this prospectus supplement." Prospectus Supplement at S-38.

g. "[I]n most cases Residential Funding Corporation will generally represent and warrant that as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects . . ." Prospectus at 19.

h. "The underwriting standards with respect to AlterNet loans and Credit Gap loans will in most cases conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 14.

i. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 15.

j. "Generally, each mortgagor would have been required to complete 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 would have been required to furnish information with respect to the mortgagor's assets, liabilities, income, credit history, employment history and personal information, and furnished an authorization to apply for a credit report which summarized the borrower's credit history with local merchants and lenders and any record of bankruptcy." Prospectus Supplement at S-39.

k. "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. 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, credit history and employment history, 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." Prospectus at 11.

l. "Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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." Prospectus at 12.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "Exceptions to these standards are made, however, on a case by case basis if it is determined, generally based on compensating factors, that an underwriting exception is warranted. Compensating factors may include, but are not limited to, a low LTV ratio, stable employment, a relatively long period of time in the same residence, a mortgagor's cash reserves and savings and monthly residual income." Prospectus Supplement at S-40.

   b. "The underwriting process may determine that the prospective mortgagor warrants a credit grade category upgrade based on compensating factors. Examples of compensating factors include strong residual income, strong prior mortgage history, 6 months or more of liquid reserves, LTV ratios below 65%, or a credit score above 600." Prospectus Supplement at S-42.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at S-33) that 2,650 loans (90.4%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, 88 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, 141 were loans on which creditors reported a

different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, 62 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, 189 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, 167 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,448 loans reviewed that were allegedly secured by owner-occupied properties, a total of 172, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 11.9% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-31) that:

i. The weighted average LTV ratio was 83.03%.

ii. Only 1,721 loans (58.7%) had an LTV higher than 80%.

iii. Only 514 loans (17.53%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "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 would 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." Prospectus Supplement at S-39.

c. "Under Credit Grade Category A4 . . . [a] maximum LTV ratio of 95% is permitted for a mortgage loan on a single family owner-occupied property or 80% for a mortgage loan originated under a stated income documentation program. A maximum LTV ratio of 90% is permitted for a mortgage loan on a non-owner occupied property or 70% for mortgage loans originated under a stated income documentation program . . . . For all credit grade categories, non-mortgage credit may include prior defaults, and different levels of major adverse credit." Prospectus Supplement at S-40, S-41.

d. "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." Prospectus at 12.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 88.79%.

ii. 68.30% of the loans had an LTV higher than 80%.

iii. 45.33% of the loans had an LTV higher than 90%.

iv. 23.59% of the loans had an LTV higher than 100%.

v. 31.57% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 8.48% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Residential Funding's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans" including

"the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations, including in certain instances rental income from investment property." Prospectus Supplement at S-38.

b. "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 would be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses including, in the case of junior mortgage loans, payments required to be made on any senior mortgage." Prospectus at 12.

c. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 14.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "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 by Standard & Poor's, Moody's and Fitch . . . A securities rating addresses the likelihood of the receipt by the holders of the offered certificates of distributions on the mortgage loan." Prospectus Supplement at S-98.

b. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-33) that 2,141 loans (73.0%) were originated under full documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue

here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess cash flow and overcollateralization; and subordination provided to the Class A Certificates by the Class M Certificates and Class B Certificates, and subordination provided to the Class M Certificates by each class of Class M Certificates with a lower payment priority and the Class B Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the Class A, Class M and Class B Certificates each month and related expenses, there may be excess cash flow. Some of this excess cash flow may be used to protect the Class A, Class M and Class B Certificates against some realized losses by making an additional distribution of principal up to the amount of the realized losses. Overcollateralization. On each distribution date, to the extent not used to cover realized losses, excess cash flow will be used to pay principal to the Class A, Class M and Class B Certificates, to the extent necessary to reach the required overcollateralization amount for that distribution date. This overcollateralization may absorb some losses on the mortgage loans if not covered by excess cash flow. Subordination. So long as the Class M Certificates remain outstanding, realized losses on the mortgage loans which are not covered by amounts received under the swap agreement, excess cash flow or overcollateralization, as and to the extent described in this prospectus supplement, will be allocated to the class of Class M Certificates with the lowest payment priority, and the other classes of offered certificates will not bear any portion of such losses . . . The Yield Maintenance Agreement: The holders of the Class A Certificates and the Class M Certificates and Class B Certificates may benefit from a series of interest rate cap payments from Bear Stearns Financial Products Inc. pursuant to two separate yield maintenance agreements as described in this prospectus supplement. The yield maintenance agreements are intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR plus the related margin and the net WAC rate cap as described in this prospectus supplement." Prospectus Supplement at S-10.

Exhibit P
Misrepresentations in the Offering Documents for RFMSI 2005-S8

Collateral type: Fixed rate loans secured by first liens on one- to four-family residential properties or interests in shares issued by cooperative apartment corporations.

Initial number of mortgage loans: 643.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "Residential Funding will generally represent and warrant that: . . . each mortgage loan complied in all material respects with all applicable local, state and federal laws at the time of origination . . . ." Prospectus at 16.

   b. "All of the mortgage loans in the mortgage pool were originated generally in accordance with the underwriting standards of Residential Funding described under 'Mortgage Loan Program—Underwriting Standards' in the prospectus." Prospectus Supplement at S-39.

   c. "Residential Funding Corporation will generally represent and warrant that: as of the cut-off date, the information set forth in a listing of the related mortgage loans is true and correct in all material respects . . . ." Prospectus at 16.

   d. "Residential Funding Corporation's Jumbo A Program is designed for borrowers with good credit . . . The depositor's underwriting standards with respect to the mortgage loans will generally conform to those published in Residential Funding Company, LLC's Client Guide, as application to the 'Jumbo A' program." Prospectus at 10.

   e. "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 Client Guide as the underwriting criteria necessary to satisfy each underwriting program." Prospectus at 15.

   f. "The following is a brief description of the underwriting standards set forth in the Client Guide for full documentation loan programs . . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the application, the borrower is required to provide a current balance sheet describing 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 merchants and lenders and any record of bankruptcy. In addition, an employment verification is obtained which

reports the borrower's current salary and may contain the length of employment and an indication as to whether it is expected that the borrower will continue that employment in the future." Prospectus at 13.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus Supplement at S-39.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at S-86) that 624 loans (97.0%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 621 loans reviewed that were allegedly secured by owner-occupied properties, 36 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 621 loans reviewed that were allegedly secured by owner-occupied properties, 55 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 621 loans reviewed that were allegedly secured by owner-occupied properties, 42 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 621 loans reviewed that were allegedly secured by owner-occupied properties, 81 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 621 loans reviewed that were allegedly secured by owner-occupied properties, 70 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 621 loans reviewed that were allegedly secured by owner-occupied properties, a total of 76, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 12.2% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at I-3) that:

i. The weighted average LTV ratio was 68.73%.

ii. Only 23 loans (3.6%) had an LTV higher than 80%.

iii. Only 15 loans (2.3%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 95%.

b. "The appraiser is required to verify that the property is in good condition and that construction, if new, has been completed. The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 13.

c. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 75.59%.

ii. 41.55% of the loans had an LTV higher than 80%.

iii. 18.12% of the loans had an LTV higher than 90%.

iv. 7.00% of the loans had an LTV higher than 100%.

v. 27.29% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 5.80% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 13.

b. "As part of the application, the borrower is required to provide a current balance sheet describing 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 merchants and lenders and any record of bankruptcy. In addition, an employment verification is obtained which reports the borrower's current salary and may contain the length of employment and an indication as to whether it is expected that the borrower will continue that employment in the future." Prospectus at 13.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "The offered certificates have received the ratings listed in the table on page S-7 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled." Prospectus Supplement at S-14.

b. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

   a. The Prospectus Supplement represented (at I-3) that 486 loans (75.6%) were issued under full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for these certificates will be provided by additional classes of subordinated certificates which are not offered hereby." Prospectus Supplement at S-1.

Exhibit Q
Misrepresentations in the Offering Documents for RFMSI 2006-S6

Collateral type: Fixed rate loans secured by first liens on one- to four-family residential properties or interests in shares issued by cooperative apartment corporations.

Initial number of mortgage loans: 1,178.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "Residential Funding will generally represent and warrant that: . . . each mortgage loan complied in all material respects with all applicable local, state and federal laws at the time of origination . . . ." Prospectus at 15.

   b. "All of the mortgage loans in the mortgage pool were originated generally in accordance with the underwriting standards of Residential Funding described under 'Mortgage Loan Program—Underwriting Standards' in the prospectus." Prospectus Supplement at S-38.

   c. "Residential Funding Corporation will generally represent and warrant that: as of the cut-off date, the information set forth in a listing of the related mortgage loans is true and correct in all material respects . . . ." Prospectus at 15.

   d. "Residential Funding Corporation's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide, as application to the 'Jumbo A' program." Prospectus at 9-10.

   e. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 13.

   f. "The following is a brief description of the underwriting standards set forth in the Client Guide for full documentation loan programs . . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the application, the borrower is required to provide a current balance sheet describing 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 merchants and lenders and any record of bankruptcy. In addition, an employment verification is obtained which

reports the borrower's current salary and may contain the length of employment and an indication as to whether it is expected that the borrower will continue that employment in the future." Prospectus at 11-12.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus Supplement at S-38.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at I-4) that 1,133 loans (96.2%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 982 loans reviewed that were allegedly secured by owner-occupied properties, 55 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 982 loans reviewed that were allegedly secured by owner-occupied properties, 61 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 982 loans reviewed that were allegedly secured by owner-occupied properties, 87 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 982 loans reviewed that were allegedly secured by owner-occupied properties, 137 were loans on which other properties owned by the

borrower did not list the securitized property as the owner's primary residence.

v. Of the 982 loans reviewed that were allegedly secured by owner-occupied properties, 190 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 982 loans reviewed that were allegedly secured by owner-occupied properties, a total of 141, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 14.4% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at I-2) that:

i. The weighted average LTV ratio was 69.98%.

ii. Only 25 loans (2.12%) had an LTV higher than 80%.

iii. Only 5 loans (0.42%) had an LTV higher than 90%.

iv. No loan had an LTV higher than 100%.

b. "The appraiser is required to verify that the property is in good condition and that construction, if new, has been completed. The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 12.

c. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the LTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average LTV ratio was 81.16%.

ii. 49.92% of the loans had an LTV higher than 80%.

iii. 21.03% of the loans had an LTV higher than 90%.

iv. 9.79% of the loans had an LTV higher than 100%.

v. 30.82% of the loans had an LTV that was at least 10% higher than those loans supposedly had.

vi. 9.31% of the loans had an LTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." Prospectus at 12.

b. "As part of the application, the borrower is required to provide a current balance sheet describing 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 merchants and lenders and any record of bankruptcy. In addition, an employment verification is obtained which reports the borrower's current salary and may contain the length of employment and an indication as to whether it is expected that the borrower will continue that employment in the future." Prospectus at 11-12

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive ratings which are not lower than those listed in the table on page S-5 of this prospectus supplement." Prospectus Supplement at S-13.

b. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-9, I-4) that 776 loans (66%) were issued under full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for these certificates will be provided by additional classes of subordinated certificates which are not offered hereby." Prospectus Supplement at S-1.

Exhibit R
Misrepresentations in the Offering Documents for RFMSII 2005-HI3

Collateral type: Fixed rate loans secured by second liens on one- to four-family residential properties.

Initial number of home equity loans: 5,025.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . ." Prospectus at 15.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-32.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-33.

   d. "The home loans were underwritten as described under '—Underwriting Standards.' All of the home loans were originated under full documentation programs. All of the mortgaged properties underlying the home loans were owner-occupied." Prospectus Supplement at S-19.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-67.

   f. "The depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 15.

g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 17.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs. Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 18.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three- to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 20.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus at 16.

b. "The underwriting standards contained in the Guide may be varied in appropriate cases, including in 'limited' or 'reduced loan documentation' loan programs. Limited documentation programs normally permit fewer supporting documents to be obtained or waive income, asset and employment documentation requirements, and normally compensate for increased credit risk by placing greater emphasis on either the review of the property to be financed or the borrower's ability to repay the loan." Prospectus at 18.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at S-19) that "All of the mortgaged properties underlying the home loans were owner-occupied."

b. "The mortgagor for each home loan represented at the time of origination that the related mortgaged property would be owner-occupied as a primary home." Prospectus Supplement at S-18.

c. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, 75 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, 56 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, 34 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, 136 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, 49 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,600 loans reviewed that were allegedly secured by owner-occupied properties, a total of 103, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 6.4% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-25) that:

i. The weighted average CLTV ratio was 117.76%.

b. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 125% and a maximum total monthly debt to income ratio of 50%." Prospectus Supplement at S-33.

c. "The underwriting guidelines for the home equity program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 20.

d. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 19.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average CLTV ratio was 129.40%.

ii. 48.32% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

iii. 20.25% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-33.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 20.

c. The Prospectus Supplement also gave specific representations as to the weighted average debt-to-income ratio, and the amount of the borrower's residual income. Prospectus Supplement at S-31.

d. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to . . . a maximum total monthly debt to income ratio of 50%." Prospectus Supplement at S-33.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the notes will receive ratings not lower than those listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-9.

b. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

   a. The Prospectus Supplement represented (at S-19) that "all of the home loans were originated under full documentation procedures."

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for the offered certificates consists of: excess cash flow and overcollateralization; and subordination provided to the Class A Notes by the Class M Notes, and subordination provided to the Class M Notes by each class of Class M Notes with a lower payment priority." Prospectus Supplement at S-1.

   b. "The credit enhancement for the benefit of the offered certificates consists of: Excess Cash Flow. Because more interest with respect to the mortgage loans is payable by the mortgagors than is expected to be necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess cash flow. This excess cash flow may be used to protect the notes against losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Excess cash flow that is not needed to cover losses in the current period will be used to make additional principal payments on the notes until the pool balance exceeds the aggregate note balance of the notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization, which may absorb some losses on the home loans if they are not covered by excess cash flow . . . Subordination. If the Class M Notes remain outstanding, losses on the home loans which are not covered by excess cash flow or overcollateralization will be allocated to the class of Class M Notes with the lowest payment priority, . . . and the other classes of offered certificates will not bear any portion of such losses." Prospectus Supplement at S-8.

Exhibit S
Misrepresentations in the Offering Documents for RFMS2 2005-HS1

Collateral type: One group of closed-end, fixed rate loans and one group of adjustable rate revolving credit loans secured by second liens on one- to four-family residential properties.

Initial number of home equity loans: Group I: 12,634. Group II: 6,413.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-53.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-22.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-53.

   d. "The home equity loans were underwritten as described under '—Underwriting Standards' in this prospectus supplement and 'Trust Asset Program—Underwriting Standards' in the prospectus." Prospectus Supplement at S-21.

   e. "The seller will represent and warrant to the depositor that, among other things, the information with respect to the home equity loans set forth in the schedule attached to the home equity loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-100.

   f. "The depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 15.

g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 17.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 18.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three- to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 20.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus at 16.

b. "The underwriting standards contained in the Guide may be varied in appropriate cases, including in 'limited' or 'reduced loan documentation' loan programs. Limited documentation programs normally permit fewer supporting documents to be obtained or waive income, asset and employment documentation requirements, and normally compensate for increased credit risk by placing greater emphasis on either the review of the property to be financed or the borrower's ability to repay the loan." Prospectus at 18.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at S-36 and S-49) that 12,202 Group I loans (96.6%) and 6,092 Group II loans (95.0%) were for primary residences.

b. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief the true rate of owner occupancy was only 84.8% i.e., the Offering Materials overstated the amount of owner occupancy by 10.2%.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-30) that, for Group I Loans:

i. The weighted average CLTV ratio was 92.57%.

ii. Only 8,086 loans (64.0%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

b. The Prospectus Supplement represented (at S-45) that, for Group II Loans:

i. The weighted average CLTV ratio was 89.79%.

ii. Only 3,376 loans (52.6%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

c. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 100% and a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-53.

d. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 20.

e. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 19.

f. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief:

i. The weighted average CLTV ratio was understated by 12.98%.

ii. The number of loans that had a CLTV higher than 100% was understated by 37.15%.

iii. 46.60% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

iv. 17.39% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 20.

b. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-53.

c. The Prospectus Supplement also gave specific representations as to the weighted average debt-to-income ratio, and the amount of the borrower's residual income. Prospectus Supplement at S-36, S-51.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the term notes will receive ratings not lower than those listed under 'Ratings' in this prospectus supplement." Prospectus Supplement at S-12.

b. "It is a condition to issuance that the Class I Notes and Class A-II Notes be rated . . . 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-112.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-26) that 91.6% of the Group I Loans were issued under full-documentation procedures.

b. The Prospectus Supplement represented (at S-41) that 66.8% of the Group II Loans were issued under full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the offered certificates consists of: excess interest; overcollateralization; and two financial guaranty insurance policies issued by Financial Guaranty Insurance Company, one insuring the term notes secured by home equity mortgage loans and the other insuring the term notes secured by revolving credit loans." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the Class I Notes consists of: Excess Interest. Because the borrowers are expected to pay more interest on the home equity loans in loan group I than is necessary to pay the interest on the Class I Notes, along with fees and expenses of the trust each month, there may be excess interest. Some of this excess interest may be used to protect the Class I Notes against some types of losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. On each payment date any excess interest on the group I loans not used to cover current losses or previously unpaid losses, pay premiums due on the group I policy, or reimburse the credit enhancer for draws on the group I policy, other than draws attributable to excess loss amounts, will be paid as principal on the Class I Notes until the aggregate principal balance of the home equity loans relating to loan group I exceeds the aggregate security balance of the Class I Notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization which may absorb some losses on the group I loans, if not covered by excess interest. If the level of overcollateralization falls below what is required, the excess interest on the group I loans, if available, will again be paid to the Class I Notes as principal in order to increase the level of overcollateralization to its required level. Policy. On the closing date, Financial Guaranty Insurance Company will issue the group I policy, with respect to the Class I Notes, in favor of the indenture trustee. The group I policy will unconditionally and irrevocably guarantee interest on the Class I Notes at the applicable note rate, will cover the principal portion of any losses on the group I loans allocated to the Class I Notes, after taking into account payments from excess interest and any reduction in the overcollateralization amount, and will guarantee amounts due on the Class A-I-1 Notes and Class A-I-2 Notes on the payment date in July 2020, on the Class A-I-3 Notes on the payment date in February 2021 and on the Class A-I-4 Notes and the Class A-I-5 Notes on the payment date in September 2035." Prospectus Supplement at S-9.

Exhibit T
Misrepresentations in the Offering Documents for RFMSII 2005-HS2

Collateral type: One group of closed-end, fixed rate loans and one group of adjustable rate revolving credit loans secured by second liens on one- to four-family residential properties.

Initial number of home equity loans: Group I: 7,739. Group II: 4,461.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-31.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-23.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-31.

   d. "The home equity loans were underwritten as described under '—Underwriting Standards' in this prospectus supplement and 'Trust Asset Program—Underwriting Standards' in the prospectus." Prospectus Supplement at S-22.

   e. "The seller will represent and warrant to the depositor that, among other things, the information with respect to the home equity loans set forth in the schedule attached to the home equity loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-77.

   f. "The depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 15.

g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 17.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 18.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three- to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 20.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus at 16.

b. "The underwriting standards contained in the Guide may be varied in appropriate cases, including in 'limited' or 'reduced loan documentation' loan programs. Limited documentation programs normally permit fewer supporting documents to be obtained or waive income, asset and employment documentation requirements, and normally compensate for increased credit risk by placing greater emphasis on either the review of the property to be financed or the borrower's ability to repay the loan." Prospectus at 18.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

a. The Prospectus Supplement represented (at II-9, II-20) that 7,173 Group I loans (92.7%) and 4,159 Group II loans (93.2%) were for primary residences.

b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, 76 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, 91 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, 40 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, 162 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, 307 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,476 loans reviewed that were allegedly secured by owner-occupied properties, a total of 143, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 9.7% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at II-4) that, for Group I Loans:

i. The weighted average CLTV ratio was 93.04%.

ii. Only 5,096 loans (65.85%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

b. The Prospectus Supplement represented (at II-16) that, for Group II Loans:

i. The weighted average CLTV ratio was 88.71%.

ii. Only 2,100 loans (47.07%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

c. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 100% and a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-32.

d. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 20.

e. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 19.

f. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average CLTV ratio was 101.17%.

ii. 77.42% of the loans had a CLTV higher than 90%.

iii. 50.05% of the loans had a CLTV higher than 100%.

iv. 32.27% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

v. 8.09% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-31.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 20.

c. The Prospectus Supplement also gave specific representations as to the weighted average debt-to-income ratio, and the amount of the borrower's residual income. Prospectus Supplement at II-10, 22, 23.

d. "The home equity loans included in the mortgage pool generally were originated subject to . . . a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-32.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans,

as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the term notes will receive ratings not lower than those listed under 'Ratings' in this prospectus supplement." Prospectus Supplement at S-11.

b. "It is a condition to issuance that the Class I Notes and Class A-II Notes be rated . . . 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-89.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at II-11) that 6,198 of the Group I Loans (80%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-27.

b. The Prospectus Supplement represented (at II-23) that 3,167 of the Group II Loans (71%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-31.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess interest; overcollateralization; and two financial guaranty insurance policies issued by Financial Guaranty Insurance Company, one insuring the term notes secured by home equity mortgage loans and the other insuring the term notes secured by revolving credit loans." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the Class I Notes consists of: Excess Interest. Because the borrowers are expected to pay more interest on the home equity loans in loan group I than is necessary to pay the interest on the Class I Notes, along with fees and expenses of the trust each month, there may be excess interest. Some of this excess interest may be used to protect the Class I Notes against some types of losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Initially, the aggregate principal balance of the home equity loans in loan group I will exceed the aggregate

security balance of the Class I Notes by approximately 0.65%. On each payment date any excess interest on the group I loans not used to cover current losses or previously unpaid losses, pay premiums due on the group I policy, or reimburse the credit enhancer for draws on the group I policy, other than draws attributable to excess loss amounts, will be paid as principal on the Class I Notes until the aggregate principal balance of the home equity loans relating to loan group I exceeds the aggregate security balance of the Class I Notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization which may absorb some losses on the group I loans, if not covered by excess interest. If the level of overcollateralization falls below what is required, the excess interest on the group I loans, if available, will again be paid to the Class I Notes as principal in order to increase the level of overcollateralization to its required level. Policy. On the closing date, Financial Guaranty Insurance Company will issue the group I policy, with respect to the Class I Notes, in favor of the indenture trustee. The group I policy will unconditionally and irrevocably guarantee interest on the Class I Notes at the applicable note rate, will cover the principal portion of any losses on the group I loans allocated to the Class I Notes, . . . and will guarantee amounts due on the Class A-I-1 Notes and Class A-I-2 Notes . . . , on the Class A-I-3 Notes . . . and on the Class A-I-4 Notes and the Class A-I-5 Notes . . ." Prospectus Supplement at S-10.

Exhibit U
Misrepresentations in the Offering Documents for RFMSII 2005-HSA1

Collateral type: Fixed-rate and adjustable-rate loans secured by first and second liens on one- to four-family residential properties.

Initial number of home equity loans: Group I: 3,652. Group II: 1,797.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity program." Prospectus Supplement at S-31.

   b. "Residential Funding Corporation, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home equity loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-23.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-31.

   d. "The home equity loans were underwritten as described under '—Underwriting Standards' in this prospectus supplement and 'Trust Asset Program—Underwriting Standards' in the prospectus." Prospectus Supplement at S-21.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . . ." Prospectus Supplement at S-77.

   f. "The depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . ." Prospectus at 15.

   g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 17.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 18.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three- to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 20.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "The underwriting standards of Residential Funding may be varied in appropriate cases." Prospectus Supplement at S-32.

b. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus at 15.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at II-10) that 3,173 loans of the Group I Loans (86.88%) were for primary residences.

   b. The Prospectus Supplement represented (at II-20) that 1,746 loans of the Group II Loans (97.16%) were for primary residences.

   c. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, 73 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, 125 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, 65 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, 152 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, 318 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 1,379 loans reviewed that were allegedly secured by owner-occupied properties, a total of 174, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 12.6% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

   a. For Group I loans, the Prospectus Supplement represented (at II-4) that:

      i. The weighted average CLTV ratio was 93.25%;

      ii. Only 2,193 loans (60.04%) had a CLTV higher than 90%.

      iii. No loan had a CLTV higher than 100%.

   b. For Group II loans, the Prospectus Supplement represented (at II-16) that:

      i. The weighted average CLTV ratio was 89.39%;

      ii. Only 705 loans (45.32%) had a CLTV higher than 90%.

      iii. No loan had a CLTV higher than 100%.

   c. "The home equity loans included in the mortgage pool generally were originated subject to a maximum combined LTV ratio of 100% . . ." Prospectus Supplement at S-32.

   d. "The underwriting guidelines for the home equity program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 20.

   e. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 19.

   f. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

      i. The weighted average CLTV ratio was 104.21%.

      ii. 77.06% of the loans had a CLTV higher than 90%.

      iii. 52.11% of the loans had a CLTV higher than 100%.

iv. 35.11% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

v. 13.78% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-31.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 19.

c. The Prospectus Supplement also gave specific representations as to the weighted average debt-to-income ratio, and the amount of the borrower's residual income. Prospectus Supplement at II-11, 22.

d. "The home equity loans included in the mortgage pool generally were originated subject to . . . a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-32.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the notes will receive ratings not lower than those listed under 'Ratings' in this prospectus supplement." Prospectus Supplement at S-11.

b. "It is a condition to issuance that the Class I Notes and Class A-II Notes be rated 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-89.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess interest; overcollateralization; and two financial guaranty insurance policies issued by Financial Guaranty Insurance Company, one insuring the term notes secured by home equity mortgage loans and the other insuring the term notes secured by revolving credit loans." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the Class I Notes consists of: Excess Interest. Because the borrowers are expected to pay more interest on the home equity loans in loan group I than is necessary to pay the interest on the Class I Notes, along with fees and expenses of the trust each month, there may be excess interest. Some of this excess interest may be used to protect the Class I Notes against some types of losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Initially, the aggregate principal balance of the home equity loans in loan group I will exceed the aggregate security balance of the Class I Notes by approximately 0.65%. On each payment date any excess interest on the group I loans not used to cover current losses or previously unpaid losses, pay premiums due on the group I policy, or reimburse the credit enhancer for draws on the group I policy, other than draws attributable to excess loss amounts, will be paid as principal on the Class I Notes until the aggregate principal balance of the home equity loans relating to loan group I exceeds the aggregate security balance of the Class I Notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization which may absorb some losses on the group I loans, if not covered by excess interest. If the level of overcollateralization falls below what is required, the excess interest on the group I loans, if available, will again be paid to the Class I Notes as principal in order to increase the level of overcollateralization to its required level. Policy. On the closing date, Financial Guaranty Insurance Company will issue the group I policy, with respect to the Class I Notes, in favor of the indenture trustee. The group I policy will unconditionally and irrevocably guarantee interest on the Class I Notes at the applicable note rate, will cover the principal portion of any losses on the group I loans allocated to the Class I Notes, . . . and will guarantee amounts due on the Class A-I-1 Notes and Class A-I-2

Notes . . . , on the Class A-I-3 Notes . . . and on the Class A-I-4 Notes and the Class A-I-5 Notes . . ." Prospectus Supplement at S-10.

Exhibit V
Misrepresentations in the Offering Documents for RFMSII 2006-HI4

Collateral type: Fixed rate loans secured by first and second liens on one- to four-family residential properties.

Initial number of mortgage loans: 5,513.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-34.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-32.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-34.

   d. "Substantially all of the home loans were originated with the underwriting standards of Residential Funding as described under '—Underwriting Standards' above." Prospectus Supplement at S-38.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-60.

   f. "Residential Funding Corporation's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . ." Prospectus at 12.

g. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provisions of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-34.

h. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 14.

i. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 15.

j. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three- to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 17.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus Supplement at S-35. *See also* Prospectus at 13.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans discussed above, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at II-9) that 5,428 loans (98.5%) were for primary residences.

b. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief the true rate of owner occupancy was only 88.3% i.e., the Offering Materials overstated the amount of owner occupancy by 10.2%.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at II-2) that:

i. The weighted average CLTV ratio was 114.67%;

ii. Only 4,804 loans (87.14%) had a CLTV higher than 100%.

iii. Only 8 loans (.2%) had a CLTV higher than 125%.

iv. No loan had a CLTV higher than 130%.

b. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 125% . . ." Prospectus Supplement at S-35.

c. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 17.

d. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 16.

e. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief:

i. The weighted average CLTV ratio was understated by 12.98%.

ii. The number of loans that had a CLTV higher than 100% was understated by 37.15%.

iii. 46.60% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

iv. 17.39% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-34.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 17.

c. "The weighted average debt-to-income ratio as of the date of origination of the home loans will be approximately 40.56%." Prospectus Supplement at II-7.

d. "The weighted average amount of residual income as of the date of origination of the home loans will be approximately $4,682." Prospectus Supplement at II-8.

e. "[T]he home loans were generally subject to . . . a maximum total monthly debt-to-income ratio of 50%." Prospectus Supplement at S-35.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the notes will receive ratings not lower than those listed on page S-3 of this prospectus supplement." Prospectus Supplement at S-8.

b. "It is a condition to issuance of the Class A Notes that the Class A notes be rated not less than 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-81.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-5, II-9) that 5,223 loans (94.74%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-27.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess cash flow and overcollateralization; and a financial guaranty insurance policy issued by Financial Guaranty Insurance Company." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the notes consists of: Excess Cash Flow. Because the borrowers are required to pay more interest on the home loans than is necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess cash flow. This excess cash flow may be used to protect the notes against losses by making an additional payment of

principal up to the amount of the losses. Overcollateralization. As of the closing date, the pool balance will exceed the aggregate note balance of the notes by approximately 0.30% of the pool balance. In addition, excess cash flow that is not needed to cover losses in the current period will be used to make additional principal payments on the notes until the pool balance exceeds the aggregate note balance of notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization, which may absorb some losses on the home loans, if they are not covered by excess cash flow. Until the level of overcollateralization reaches what is required, or thereafter falls below what is required, the excess cash flow described above will be paid to the notes as additional principal, as described in this prospectus supplement, in order to reach and maintain the required level of overcollateralization. Financial Insurance Guaranty Policy. On the closing date, Financial Guaranty Insurance Company will issue the financial guaranty insurance policy in favor of the indenture trustee for the benefit of the holders of the Class A Notes. The financial guaranty insurance policy will unconditionally and irrevocably guarantee interest on the notes at the applicable note rate, will cover the principal portion of any losses allocated to the notes not covered by excess cash flow or overcollateralization and will guarantee amounts due on the notes on the payment date in September 2036." Prospectus Supplement at S-7, S-8.

Exhibit W
Misrepresentations in the Offering Documents for RFMSII 2006-HI5

Collateral type: Fixed-rate mortgage loans secured primarily by second liens on one- to four-family residential properties.

Initial number of mortgage loans: 5,071.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-34.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-32.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-34.

   d. "Substantially all of the home loans were originated with the underwriting standards of Residential Funding as described under '—Underwriting Standards' above." Prospectus Supplement at S-39.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . . ." Prospectus Supplement at S-66.

   f. "Residential Funding Corporation's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Corporation's Client Guide . . . ." Prospectus at 12.

g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 14.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 15.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three-to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 17.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus Supplement at S-35. *See also* Prospectus at 13.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at II-9) that 5,054 loans (99.7%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, 69 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, 97 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, 37 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, 146 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, 156 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 1,593 loans reviewed that were allegedly secured by owner-occupied properties, a total of 123, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 7.7% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The

defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-5, II-2) that:

   i. The weighted average CLTV ratio was 114.81%;

   ii. Only 4,321 of the loans (85.21%) had a CLTV higher than 100%.

   iii. Only 7 of the loans (0.1%) had a CLTV higher than 125%.

   iv. No loan had a CLTV higher than 130%.

b. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 125% . . ." Prospectus Supplement at S-35.

c. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 17.

d. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 16.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

   i. The weighted average CLTV ratio was 126.53%.

   ii. 87.21% of the loans had a CLTV higher than 100%.

   iii. 51.82% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

   iv. 21.39% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by

a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-34.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 17.

c. "The weighted average debt-to-income ratio as of the date of origination of the home loans will be approximately 40.55%." Prospectus Supplement at II-7.

d. "The weighted average amount of residual income as of the date of origination of the home loans will be approximately $4,285." Prospectus Supplement at II-8.

e. "[T]he home loans were generally subject to . . . a maximum total monthly debt-to-income ratio of 50%." Prospectus Supplement at S-35.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the notes will receive ratings not lower than those listed on page S-3 of this prospectus supplement." Prospectus Supplement at S-8.

b. "It is a condition to issuance of the Class A Notes that the Class A notes be rated not less than 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-87.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

   a. The Prospectus Supplement represented (at S-5, S-27, II-9) that 4,879 loans (96%) were issued under full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

   a. "Credit enhancement for the term notes consists of: excess cash flow and overcollateralization; and a financial guaranty insurance policy issued by Financial Guaranty Insurance Company." Prospectus Supplement at S-1.

   b. "The credit enhancement for the benefit of the notes consists of: Excess Cash Flow. Because the borrowers are required to pay more interest on the home loans than is necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess cash flow. This excess cash flow may be used to protect the notes against losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. As of the closing date, the pool balance will exceed the aggregate note balance of the notes by approximately 1.05% of the pool balance. In addition, excess cash flow that is not needed to cover losses in the current period will be used to make additional principal payments on the notes until the pool balance exceeds the aggregate note balance of notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization, which may absorb some losses on the home loans, if they are not covered by excess cash flow. Until the level of overcollateralization reaches what is required, or thereafter falls below what is required, the excess cash flow described above will be paid to the notes as additional principal, as described in this prospectus supplement, in order to reach and maintain the required level of overcollateralization. Financial Insurance Guaranty Policy. On the closing date, Financial Guaranty Insurance Company will issue the financial guaranty insurance policy in favor of the indenture trustee for the benefit of the holders of the Class A Notes. The financial guaranty insurance policy will unconditionally and irrevocably guarantee interest on the notes at the applicable note rate, will cover the principal portion of any losses allocated to the notes not covered by excess cash flow or overcollateralization and will guarantee amounts due on the notes on the payment date in December 2036." Prospectus Supplement at S-7, S-8.

Exhibit X
Misrepresentations in the Offering Documents for RFMSII 2007-HI1

Collateral type: Fixed-rate mortgage loans secured primarily by second liens on one- to four-family residential properties.

Initial number of mortgage loans: 5,171.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity 125 loan program." Prospectus Supplement at S-33.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-31.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-33.

   d. "Substantially all of the home loans were originated in accordance with the underwriting standards of Residential Funding as described under '— Underwriting Standards' above." Prospectus Supplement at S-37.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . . ." Prospectus Supplement at S-61.

   f. "Residential Funding Corporation's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Company, LLC's Client Guide . . ." Prospectus at 14.

g. "Residential Funding Corporation underwrites 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 that is set forth in Residential Funding Corporation's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 16.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 15.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three-to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Company, LLC." Prospectus at 19.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus Supplement at S-34. *See also* Prospectus at 14.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at II-9) that 5,135 loans (99.3%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, 80 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, 107 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, 41 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, 146 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, 146 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 1,582 loans reviewed that were allegedly secured by owner-occupied properties, a total of 120, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 7.6% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The

defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at II-2) that:

   i. The weighted average CLTV ratio was 117.32%;

   ii. Only 4,688 loans (90.66%) had a CLTV higher than 100%.

   iii. Only 15 loans (0.29%) had a CLTV higher than 125%.

b. "The home loans purchased by Residential Funding and included in the home loan pool generally were originated subject to a maximum combined LTV ratio of 125% . . ." Prospectus Supplement at S-33, S-34.

c. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 19.

d. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 17.

e. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

   i. The weighted average CLTV ratio was 131.00%.

   ii. 93.76% of the loans had a CLTV higher than 100%.

   iii. 53.35% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

   iv. 22.29% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by

the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-33.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 19.

c. "The weighted average debt-to-income ratio as of the date of origination of the home loans will be approximately 40.68%." Prospectus Supplement at II-7.

d. "The weighted average amount of residual income as of the date of origination of the home loans will be approximately $4,386." Prospectus Supplement at II-8.

e. "[T]he home loans were generally subject to . . . a maximum total monthly debt-to-income ratio of 50%." Prospectus Supplement at S-34.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the notes will receive ratings not lower than those listed on page S-3 of this prospectus supplement." Prospectus Supplement at S-8.

b. "It is a condition to issuance of the Class A Notes that the Class A notes be rated not less than 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities' rating addresses the likelihood of the receipt by holders of notes of payments on the home loans." Prospectus Supplement at S-81.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶

73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-5, II-9) that 5,063 loans (98%) were issued under full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess cash flow and overcollateralization; and a financial guaranty insurance policy issued by Financial Guaranty Insurance Company." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the notes consists of: Excess Cash Flow. Because the borrowers are required to pay more interest on the home loans than is necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess cash flow. This excess cash flow may be used to protect the notes against losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. As of the closing date, the pool balance will exceed the aggregate note balance of the notes by approximately 1.00% of the pool balance. In addition, excess cash flow that is not needed to cover losses in the current period will be used to make additional principal payments on the notes until the pool balance exceeds the aggregate note balance of notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization, which may absorb some losses on the home loans, if they are not covered by excess cash flow. Until the level of overcollateralization reaches what is required, or thereafter falls below what is required, the excess cash flow described above will be paid to the notes as additional principal, as described in this prospectus supplement, in order to reach and maintain the required level of overcollateralization. Financial Insurance Guaranty Policy. On the closing date, Financial Guaranty Insurance Company will issue the financial guaranty insurance policy in favor of the indenture trustee for the benefit of the holders of the Class A Notes. The financial guaranty insurance policy will unconditionally and irrevocably guarantee interest on the notes at the applicable note rate, will cover the principal portion of any losses allocated to the notes not covered by excess cash flow or overcollateralization and will guarantee amounts due on the notes on the payment date in March 2037." Prospectus Supplement at S-7, S-8.

Exhibit Y
Misrepresentations in the Offering Documents for RFMSII 2007-HSA2

Collateral type: Fixed-rate home equity mortgage loans secured primarily by second liens on one- to four-family residential properties.

Initial number of mortgage loans: 24,092.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the mortgage loans generally will conform to those published in the client guide, and the provision of the guide applicable to the home equity program." Prospectus Supplement at S-37.

   b. "Residential Funding, as seller, will represent and warrant, as of the date of issuance of the notes, the following: each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-36.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-38.

   d. "The mortgage loans were originated in accordance with Residential Funding's underwriting standards described above. See 'Description of the Mortgage Pool—Underwriting Standards.'" Prospectus Supplement at S-39.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home loans in the schedule attached to the home loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-69.

   f. "Residential Funding Company, LLC's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Company, LLC's Client Guide . . ." Prospectus at 13.

g. "Residential Funding Company, LLC underwrites 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 that is set forth in Residential Funding Company, LLC's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 15.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 16.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three-to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 19.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[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 compensated for the criteria that were not satisfied." Prospectus Supplement at S-39. *See also* Prospectus at 14.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

   a. The Prospectus Supplement represented (at II-9) that 18,643 loans (77.4%) were for primary residences.

   b. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

      i. Of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, 85 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

      ii. Of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, 126 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

      iii. Of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, 78 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

      iv. Of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, 173 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

      v. Of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, 250 were loans on which other properties owned by the borrower had liens that did not list the securitized property as the owner's primary residence.

      vi. In sum, of the 1,294 loans reviewed that were allegedly secured by owner-occupied properties, a total of 178, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 13.8% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The

defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at II-4) that:

   i. The weighted average CLTV ratio was 93.60%;

   ii. Only 15,057 loans (62.50%) had a CLTV higher than 90%.

   iii. No loan had a CLTV higher than 100%.

b. "The mortgage loans included in the mortgage pool generally were originated subject to a maximum combined LTV ratio of 100% . . ." Prospectus Supplement at S-38.

c. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 17.

d. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

   i. The weighted average CLTV ratio was 107.31%.

   ii. 85.56% of the loans had a CLTV higher than 90%.

   iii. 62.22% of the loans had a CLTV higher than 100%.

   iv. 49.91% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

   v. 16.57% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-38.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 18.

c. "[T]he weighted average debt-to-income ratio of the mortgage loans was approximately 39.80%." Prospectus Supplement at II-9.

d. "[T]he weighted average residual income of the mortgagors for the mortgage loans was $8,352." Prospectus Supplement at II-10.

e. "The mortgage loans included in the mortgage pool generally were originated subject to . . . a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-38.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the offered certificates will receive the ratings not lower than those listed on page S-6 of this prospectus supplement." Prospectus Supplement at S-14.

b. "It is a condition of the issuance of the Class A Certificates that they be rated 'Aaa' by Fitch . . . , "Aaa"By Moody's . . . and 'AAA' by Standard and Poor's . . ." These ratings "address the likelihood of receipt by the offered certificateholders of all distributions to which they are entitled . . ." Prospectus Supplement at S-87.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶

73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-10, II-9) that 6,719 loans (28%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-35.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess interest and overcollateralization; and a financial guaranty insurance policy issued by MBIA Insurance Corporation for the Class A Certificates." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the notes consists of: Excess Cash Flow. Because the borrowers are required to pay more interest on the home loans than is necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess cash flow. This excess cash flow may be used to protect the notes against losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Initially, the aggregate principal balance of the mortgage loans will exceed the aggregate certificate principal balance of the offered certificates by approximately 5.35%. Beginning on the seventh distribution date, excess interest that is not necessary to pay losses in the current period or to reimburse the credit enhancer for draws on the policy will be used to make additional principal distributions on the offered certificates, reducing their aggregate certificate balance faster than the aggregate principal balance of the mortgage loans, until the aggregate principal balance of the mortgage loans exceeds the aggregate certificate principal balance of the offered certificates by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization, which may absorb some losses on the mortgage loans, if not covered by excess interest . . . .Policy. On the closing date, MBIA Insurance Corporation will issue the financial guaranty insurance policy in favor of the trustee for the benefit of the holders of the Class A Certificates. The policy will unconditionally and irrevocably guarantee interest on the certificates at the related pass-through rates and will cover the principal portion of any losses allocated to the certificates . . . and will guarantee the outstanding certificate principal balance of the related offered certificates on the distribution date in April 2037." Prospectus Supplement at S-13, S-14.

Exhibit Z
Misrepresentations in the Offering Documents for RFMSII 2007-HSA3

Collateral type: One group of fixed rate loans secured 99.87% by second liens on one- to four-family residential properties; one group of adjustable rate revolving credit loans secured 99.26% by second liens on one- to four-family residential properties.

Initial number of mortgage loans: Group I: 11,268; Group II: 4,146.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "The seller's underwriting standards relating to the home equity loans generally will conform to those published in the client guide, and the provisions of the guide applicable to the home equity program." Prospectus Supplement at S-46.

   b. "Residential Funding Company, LLC, as seller, will represent and warrant, as of the date of issuance of the notes, the following: . . . each home loan at the time it was originated complied in all material respects with applicable local, state and federal laws, including, but not limited to, all applicable anti-predatory lending laws." Prospectus Supplement at S-36.

   c. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-46, S-47.

   d. "The home equity loans were originated in accordance with Residential Funding Company, LLC's underwriting standards described above. See 'Description of the Home Equity Loan Pool—Underwriting Standards.'" Prospectus Supplement at S-48.

   e. "The seller will represent and warrant with respect to the home loans that, among other things: the information with respect to the home equity loans set forth in the schedule attached to the home equity loan purchase agreement is true and correct in all material respects . . ." Prospectus Supplement at S-102.

   f. "Residential Funding Company, LLC's home equity program is designed for borrowers with good credit . . . The specific depositor's underwriting standards for the loans will, in most cases, conform to those published in Residential Funding Company, LLC's Client Guide . . ." Prospectus at 13.

g. "Residential Funding Company, LLC underwrites 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 that is set forth in Residential Funding Company, LLC's Seller Guide as the underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 15.

h. "The following is a brief description of the underwriting standards under both the home equity program and the 125 loan program described in the Guide for full documentation loan programs . . . Initially, a prospective borrower . . . is required to fill out a detailed application providing pertinent credit information. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy." Prospectus at 16.

i. "The home equity program provides some limitations on the combined LTV ratio for the loans and restrictions on any related underlying first lien loan. The underwriting guidelines for the home equity program normally permit combined LTV ratio's as high as 100%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. In areas where property values are considered to be declining, the maximum permitted combined LTV ratio is 75% on owner occupied, full income documentation loans. Stated income documentation, second vacation homes, and three-to four-unit dwellings are not eligible where property values are declining. The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria. The underwriting guidelines for both programs also include restrictions based on the borrower's debt-to-income ratio. In addition to the conditions described above, an evaluation of the prospective borrower's credit quality will be made based on a credit scoring model approved by Residential Funding Corporation." Prospectus at 19.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "[A] loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied." Prospectus at 14.

b. "The underwriting standards contained in the Guide may be varied in appropriate cases, including in 'limited' or 'reduced loan documentation' loan programs. Limited documentation programs normally permit fewer supporting documents to be obtained or waive income, asset and employment documentation requirements, and normally compensate for increased credit risk by placing greater emphasis on either the review of the property to be financed or the borrower's ability to repay the loan." Prospectus at 16.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint.

a. For Group I Loans, the Prospectus Supplement represented (at II-9) that 8,851 loans (78.6%) were for primary residences.

b. For Group II Loans, the Prospectus Supplement represented (at II-21) that 3,735 loans (90.1%) were for primary residences.

c. Allstate's subsequent loan-level analysis has determined that the defendants drastically overstated the percentage of owner-occupied properties secured by the Mortgage Loans.

i. Of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, 105 were loans on which the owner of the property instructed tax authorities to send property tax bills to a different address, or listed a different address as the one for the property owner's property tax exemption.

ii. Of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, 174 were loans on which creditors reported a different property address as the customer's mailing address six months after the origination of the securitized loan.

iii. Of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, 92 were loans on which the borrower owned other properties during the same time period of ownership as the securitized property.

iv. Of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, 215 were loans on which other properties owned by the borrower did not list the securitized property as the owner's primary residence.

v. Of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, 212 were loans on which other properties owned by

the borrower had liens that did not list the securitized property as the owner's primary residence.

vi. In sum, of the 1,518 loans reviewed that were allegedly secured by owner-occupied properties, a total of 201, non-duplicative, appear to be not owner-occupied based on their failure of at least two of Allstate's analytical tests. This represents 13.9% of the Mortgage Loans that were tested.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by a statistical analysis of the Mortgage Loans at issue here, as described below and in the Complaint. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. For Group I Loans, the Prospectus Supplement represented (at II-3) that:

i. The weighted average CLTV ratio was 93.75%;

ii. Only 6,902 loans (61.25%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

b. For Group II Loans, the Prospectus Supplement represented (at II-16) that:

i. The weighted average CLTV ratio was 87.18%;

ii. Only 1,598 loans (38.54%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

c. "The mortgage loans included in the mortgage pool generally were originated subject to a maximum combined LTV ratio of 100% . . ." Prospectus Supplement at S-47.

d. "The underwriting guidelines for the 125 Loan Program normally permit combined LTV ratios as high as 125%; however, the maximum permitted combined LTV ratio may be reduced due to various underwriting criteria." Prospectus at 19.

e. "The appraiser is required to inspect the property and verify that it is in good condition, and that construction, if new, has been completed . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus at 17.

f. Allstate's subsequent loan-level analysis of the Mortgage Loans has determined that the CLTV ratios were higher than represented. Of the sampled loans that had sufficient data to test:

i. The weighted average CLTV ratio was 108.20%.

ii. 85.88% of the loans had a CLTV higher than 90%.

iii. 64.85% of the loans had a CLTV higher than 100%.

iv. 54.30% of the loans had a CLTV that were at least 10% higher than those loans supposedly had.

v. 20.05% of the loans had a CLTV that were at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "The underwriting criteria provide for the evaluation of a loan applicant's creditworthiness through the use of a consumer credit report, verification of employment and a review of the debt-to-income ratio of the applicant. Income is verified through various means, including without limitation applicant interviews, written verifications with employers and review of pay stubs or tax returns. The borrower must demonstrate sufficient levels of disposable income to satisfy debt repayment requirements." Prospectus Supplement at S-47.

b. "Once all applicable employment, credit and property information is received, a determination is made by the original lender as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed loan and other expenses related to the home if applicable, such as property taxes, hazard insurance and maintenance fees or other levies assessed by a Cooperative, if applicable, as well as other financial obligations, including debt service on any loan secured by a senior lien on the related mortgaged property." Prospectus at 18.

c. For Group I Loans:

i. "[T]he weighted average debt-to-income ratio of the Group I Loans was approximately 40.18%." Prospectus Supplement at II-10.

ii. "[T]he weighted average residual income of the mortgagors for the Group I Loans was $8,412." Prospectus Supplement at II-10.

d. For Group II Loans:

i. "[T]he weighted average debt-to-income ratio of the Group II Loans was approximately 40.09%." Prospectus Supplement at II-9.

ii. "[T]he weighted average residual income of the mortgagors for the Group II Loans was $9,333." Prospectus Supplement at II-10.

e. "The home equity loans included in the mortgage pool generally were originated subject to . . . a maximum total monthly debt to income ratio of 55%." Prospectus Supplement at S-47.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "When issued, the term notes will receive ratings not lower than those listed under 'Ratings' in this prospectus supplement." Prospectus Supplement at S-15.

b. "It is a condition to issuance that the Class I Notes and Class A-II Notes by rated 'AAA' by Fitch . . . , 'Aaa' by Moody's . . . and 'AAA' by Standard and Poor's . . . A securities rating addresses the likelihood of the receipt by holders of term notes of distributions on the home equity loans." Prospectus Supplement at S-125.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. For Group I loans, the Prospectus Supplement represented (at S-9, II-11) that 3,957 loans (35%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-40.

b. For Group II loans, the Prospectus Supplement represented (at S-10, II-23) that 1,442 loans (35%) were issued under full-documentation procedures. *See also* Prospectus Supplement at S-44.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations

regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement for the term notes consists of: excess interest; overcollateralization; and two financial guaranty insurance policies issued by MBIA Insurance Corporation, one insuring the term notes secured by home equity mortgage loans and the other insuring the term notes secured by revolving credit loans." Prospectus Supplement at S-1.

b. "The credit enhancement for the benefit of the notes consists of: Excess Interest. Because the borrowers are required to pay more interest on the home loans than is necessary to pay the interest on the notes, along with fees and expenses of the trust each month, there may be excess interest. Some of this excess interest may be used to protect the notes against losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Initially, the aggregate principal balance of the mortgage loans will exceed the aggregate certificate principal balance of the offered certificates by approximately 4.95%. On each payment date beginning on the payment date in December 2007, any excess interest on the group I loans not used to cover current losses or previously unpaid losses . . ..will be paid as principal on the Class I Notes until the aggregate principal balance of the home equity loans relating to loan group I exceeds the aggregate security balance of the Class I Notes by a specified amount, as described in this prospectus supplement. This excess will represent overcollateralization which may absorb some losses on the group I loans, if not covered by excess interest . . . . Policy. On the closing date, MBIA Insurance Corporation will issue the group I policy, with respect to the Class I Notes, in favor of the indenture trustee. The group I policy will unconditionally and irrevocably guarantee payments of interest on the Class I Notes at the applicable note rate, will cover the principal portion of any losses on the group I loans allocated to the Class I Notes . . . and will guarantee amounts due . . ." Prospectus Supplement at S-13, S-14.

Exhibit AA
Misrepresentations in the Offering Documents for GMACM 2005-HE1

Collateral type: Adjustable-rate home equity revolving credit line loans secured by the related mortgages or deeds of trust on residential properties.

Initial number of mortgage loans: 18,194.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

   a. "All of the mortgage loans were originated generally in accordance with the underwriting standards of GMACM." Prospectus Supplement at S-25.

   b. "Each subsequent mortgage loan will have been underwritten substantially in accordance with the criteria set forth in this prospectus supplement under 'Description of the Mortgage Loans—Underwriting Standards.'" Prospectus Supplement at S-41.

   c. "All of the mortgage loans were underwritten generally in accordance with GMACM's underwriting standards . . . . GMACM's underwriting standards with respect to the mortgage loans generally will conform to those published in the GMACM underwriting guidelines, including the provisions of the GMACM underwriting guidelines applicable to the GMAC Mortgage Home Equity Program." Prospectus Supplement at S-44.

   d. "GMACM's underwriting standards include a set of specific criteria pursuant to which the underwriting evaluation is made." Prospectus Supplement at S-46.

   e. "The depositor expects that the originator of each of the 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." Prospectus at 19.

   f. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 23.

   g. "Residential Funding Corporation generally will represent and warrant that . . . as of the cut-off date, the information set forth in a listing of the related loans was true and correct in all material respects." Prospectus at 34.

h. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors, including its experience with the seller. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any." Prospectus at 23.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "The underwriting standards set forth in the GMACM underwriting guidelines with respect to mortgage loans originated under the GMAC Mortgage Corporation Home Equity Program may be varied in appropriate cases." Prospectus Supplement at S-46.

b. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards." Prospectus Supplement at S-46. *See also* Prospectus at 19.

c. "The underwriting standards set forth in the GMACM underwriting guidelines may be varied for certain refinance transactions. . . . Limited or reduced documentation refinances generally compensate for increased credit risk by placing greater emphasis on the borrower's payment history. Generally. . . . the mortgage loan must demonstrate other compensating factors, such as a relatively low CLTV ratio or other favorable underwriting factors." Prospectus Supplement at S-47.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

a. The Prospectus Supplement represented (at S-32) that 17,858 loans (98.2%) were for primary residences.

b. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief the true rate of owner occupancy was only 88.0% i.e., the Offering Materials overstated the amount of owner occupancy by 10.2%.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

a. The Prospectus Supplement represented (at S-31):

i. The weighted average CLTV ratio was 81.71%.

ii. Only 4,898 loans (26.9%) had a CLTV higher than 90%.

iii. No loan had a CLTV higher than 100%.

b. "The mortgage loans included in the mortgage pool generally were originated subject to a maximum CLTV Ratio of 100.00%." Prospectus Supplement at S-45.

c. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal. . . . 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." Prospectus at 20.

d. "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 . . . . currently supports, ... and is anticipated to support in the future, the outstanding loan balance." Prospectus at 21.

e. "If a full appraisal is required, the appraiser may be required to inspect the property and verify that it is in good condition and that construction, if new, has been completed. If a drive-by appraisal is required, the appraiser is only required to perform an exterior inspection of the property. The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements. The GMACM underwriting standards provide that a statistical property evaluation may be completed in lieu of a drive-by appraisal by

a third-party who performs an electronic comparison of the stated value of the mortgaged properties with comparable properties in the area. GMACM believes that no more than 70% (by aggregate principal balance as of the cut-off date) of the initial mortgage loans are secured by mortgaged properties which may have been appraised using the statistical property evaluation method." Prospectus Supplement at S-46.

f. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief:

i. The weighted average CLTV ratio was understated by 12.98%.

ii. The number of loans that had a CLTV higher than 100% was understated by 37.15%.

iii. 46.60% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

iv. 17.39% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, such as property taxes and hazard insurance, and other financial obligations, including debt service on any related mortgage loan secured by a senior lien on the related mortgaged property." Prospectus Supplement at S-47.

b. "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 generally made by the original lender that the borrower's monthly income would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses including, in the case of loans secured by a junior lien on the related

mortgaged property, payments required to be made on any senior mortgage." Prospectus at 22.

c. "[L]oans were generally originated with a maximum total monthly debt-to-income ratio of 45%." Prospectus Supplement at S-45.

d. "The weighted average debt-to-income ratio of the initial mortgage loans as of the cut-off date is approximately 38.09%." Prospectus Supplement at S-37.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "It is a condition to the issuance of the term notes that they receive the ratings shown on page S-6 of this prospectus supplement." Prospectus Supplement at S-15.

b. "It is a condition to issuance of the term notes that they be rated 'Aaa' by Moody's . . . and 'AAA' by Standard & Poor's . . . . A securities rating addresses the likelihood of the receipt by the holders of the term notes of distributions on the mortgage loans." Prospectus Supplement at S-113.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at S-32) that 15,416 loans (85%) were issued under "Standard" full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement will consist of: excess interest, to the extent described in this prospectus supplement; overcollateralization, to the extent described in this prospectus supplement; and an irrevocable and unconditional financial guaranty insurance policy issued by Financial Guaranty Insurance Company insuring the term notes, which will protect holders of the term notes against certain shortfalls

in amounts due to be distributed at the times and to the extent described in this prospectus supplement." Prospectus Supplement at S-1.

Exhibit BB
Misrepresentations in the Offering Documents for GMACM 2006-HE3

Collateral type: Fixed rate, closed-end home equity loans secured primarily by second liens on residential properties.

Initial number of mortgage loans: 16,558.

1. **All of the following representations regarding underwriting guidelines were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, the guidelines were systematically ignored. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

    a. "All of the mortgage loans were originated generally in accordance with the underwriting standards of GMAC Mortgage Corporation." Prospectus Supplement at S-29.

    b. "Each subsequent mortgage loan will have been underwritten substantially in accordance with the criteria set forth in this prospectus supplement under 'Description of the Mortgage Loans—Underwriting Standards.'" Prospectus Supplement at S-35.

    c. "All of the mortgage loans were underwritten generally in accordance with GMAC Mortgage Corporation's underwriting standards . . . . GMAC Mortgage Corporation's underwriting standards with respect to the mortgage loans generally will conform to those published in the GMAC Mortgage Corporation underwriting guidelines, including the provisions of the GMAC Mortgage Corporation underwriting guidelines applicable to the GMAC Mortgage Home Equity Program." Prospectus Supplement at S-31.

    d. "GMAC Mortgage Corporation's underwriting standards include a set of specific criteria pursuant to which the underwriting evaluation is made." Prospectus Supplement at S-33.

    e. "The depositor expects that the originator of each of the 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." Prospectus at 20.

    f. "In most cases, under a traditional 'full documentation' program, each borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower. As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and

furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy. The borrower may also have been required to authorize verifications of deposits at financial institutions where the borrower had demand or savings accounts." Prospectus at 20.

g. "In general, these [automated] systems are programmed to review most of the information that is set forth in Residential Funding Corporation's underwriting criteria that is necessary to satisfy each underwriting program." Prospectus at 24.

h. "Residential Funding Corporation generally will represent and warrant that . . . as of the cut-off date, the information set forth in a listing of the related loans was true and correct in all material respects." Prospectus at 34.

i. "The level of review by Residential Funding Corporation, if any, will vary depending on several factors, including its experience with the seller. Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the loans purchased by Residential Funding Corporation for conformity with Residential Funding Corporation's underwriting standards or applicable underwriting standards specified in this prospectus or the accompanying prospectus supplement, and to assess the likelihood of repayment of the loan from the various sources for such repayment, including the borrower, the mortgaged property, and primary mortgage insurance, if any." Prospectus at 24.

2. **All of the following representations regarding the use of exceptions were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a review of the defendants' loan files by their own insurer, underwriting "exceptions" were not given based on any positive compensating factors. This is further supported by a statistical analysis of the Mortgage Loans at issue here, and other facts referenced in the Complaint.

a. "The underwriting standards set forth in the GMAC Mortgage Corporation underwriting guidelines with respect to mortgage loans originated under the GMAC Mortgage Corporation Home Equity Program may be varied in appropriate cases." Prospectus Supplement at S-33.

b. "[A] mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards." Prospectus Supplement at S-33. *See also* Prospectus at 20.

c. "The underwriting standards set forth in the GMAC Mortgage Corporation underwriting guidelines may be varied for certain refinance transactions. . . . Limited or reduced documentation refinances generally compensate for increased credit risk by placing greater emphasis on the borrower's payment history.

Generally. . . . the mortgage loan must demonstrate other compensating factors, such as a relatively low CLTV ratio or other favorable underwriting factors." Prospectus Supplement at S-34-35.

3. **All of the following representations regarding whether the mortgaged property was owner-occupied were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A material amount of the loans were not in fact owner-occupied, and the defendants omitted that the given statistics were (due to their abandonment of their underwriting standards) baseless. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering.

   a. The Prospectus Supplement represented (at A-I-4) that 16,327 loans (98.6%) were for primary residences.

   b. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief the true rate of owner occupancy was only 85.8%, i.e., the Offering Materials overstated the amount of owner occupancy by 12.8%.

4. **All of the following representations regarding the loan-to-value ratios were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. The defendants knowingly used inflated appraisal values and excluded additional liens in order to get more loans approved. This is evidenced by Allstate's analysis of 30,000 Mortgage Loans discussed herein and in the Complaint, which were generated and underwritten by the same defendants, at the same time, purportedly using the same procedures as those represented in this offering. This is further evidenced by testimony regarding the rampant conflicts of interest within the appraisal process at the time the Certificates were issued.

   a. The Prospectus Supplement represented (at A-I-4):

      i. The weighted average CLTV ratio was 74.84%.

      ii. Only 4,180 loans (25.2%) had a CLTV higher than 90%.

      iii. No loan had a CLTV higher than 100%.

   b. "The mortgage loans included in the mortgage pool generally were originated subject to a maximum CLTV Ratio of 100.00%." Prospectus Supplement at S-33.

   c. "The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal. . . . 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." Prospectus at 21.

d. "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 . . . . currently supports, ... and is anticipated to support in the future, the outstanding loan balance." Prospectus at 22-23.

e. "If a full appraisal is required, the appraiser may be required to inspect the property and verify that it is in good condition and that construction, if new, has been completed. . . . The appraisal is based on various factors, including the market value of comparable homes and the cost of replacing the improvements." Prospectus Supplement at S-34.

f. Based on Allstate's analysis of 30,000 loans originated, acquired, and securitized by the same parties at the same time using similar disclosures, on information and belief:

i. The weighted average CLTV ratio was understated by 12.98%.

ii. The number of loans that had a CLTV higher than 100% was understated by 37.15%.

iii. 46.60% of the loans had a CLTV that was at least 10% higher than those loans supposedly had.

iv. 17.39% of the loans had a CLTV that was at least 25% higher than those loans supposedly had.

5. **All of the following representations regarding the purported sufficiency of the borrower's income were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As the defendants systematically abandoned their underwriting guidelines, the representations were baseless. Their falsity is confirmed by a review of the defendants' loan files by their own insurer, and is further confirmed by the rising delinquency rates for the Mortgage Loans, which shows borrowers were put into loans they could not afford.

a. "Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, such as property taxes and hazard insurance, and other financial obligations, including debt service on any related mortgage loan secured by a senior lien on the related mortgaged property." Prospectus Supplement at S-34.

b. "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 generally made by the original lender that the borrower's monthly income, if required to be stated, would be sufficient to enable the borrower to meet its monthly obligations on the loan and other expenses related to the property. Examples of other expenses include property taxes, utility

costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses including, in the case of loans secured by a junior lien on the related mortgaged property, payments required to be made on any senior mortgage." Prospectus at 23.

c. "[L]oans were generally originated with a maximum total monthly debt to income ratio of 45%, although variances are permitted based on compensating factors." Prospectus Supplement at S-33.

d. "The weighted average debt-to-income ratio of the initial mortgage [loans] as of the cut-off date is approximately 38.63%." Prospectus Supplement at A-I-6.

6. **All of the following representations regarding the credit ratings were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. Unknown to Allstate, the rating agencies were fed baseless and false statistics regarding the loans, as evidenced by a statistical analysis of the Mortgage Loans at issue here, rendering the ratings relied upon meaningless.

a. "It is a condition to the issuance of the notes that they receive the ratings shown on page S-7 of this prospectus supplement." Prospectus Supplement at S-14.

b. "It is a condition to the issuance of the notes that they be rated 'Aaa' by Moody's Investors Service, Inc., or Moody's and 'AAA' by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Standard & Poor's . . . . A securities rating addresses the likelihood of the receipt by the holders of the term notes of distributions on the mortgage loans." Prospectus Supplement at S-98.

c. The initial ratings for the Certificates Allstate purchased are contained in Exhibit C.

7. **All of the following representations regarding the documentation basis for the loans were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. A review by the defendants' own insurer found many files incomplete, and Residential Funding itself has accused its originators of using incomplete loan files.

a. The Prospectus Supplement represented (at A-I-5) that 9,174 loans (55%) were issued under "Standard" full-documentation procedures.

8. **All of the following misrepresentations regarding credit enhancements were false and misleading for the reasons set forth in the Complaint.** *See, e.g.*, ¶¶ 73-181. As confirmed by, among other things, a loan-level analysis of the Mortgage Loans at issue here, the collateral was significantly riskier than presented, rendering representations regarding the efficacy or sufficiency of any structural 'credit enhancements' that depended on or were derived from the quality of those loans false and misleading.

a. "Credit enhancement will consist of: excess interest, to the extent described in this prospectus supplement; overcollateralization, to the extent described in this prospectus supplement; and an irrevocable and unconditional financial guaranty insurance policy issued by Financial Guaranty Insurance Company insuring the term notes, which will protect holders of the term notes against certain shortfalls in amounts due to be distributed at the times and to the extent described in this prospectus supplement." Prospectus Supplement at S-1.

b. "The credit enhancement provided for the benefit of the notes consists of: Excess Interest. Because the mortgagors are expected to pay more interest on the mortgage loans than is necessary to pay the interest on the notes and the premium for the policy, there may be excess interest. Some of this excess interest may be used to protect the notes against some losses by making an additional payment of principal up to the amount of the losses. Overcollateralization. Excess interest will be used to make additional principal payments on the notes, until the aggregate principal balance of the mortgage loans exceeds the aggregate principal amount of the notes by a specified amount. This excess will represent overcollateralization, which may absorb some losses on the mortgage loans if they are not covered by excess interest. If the level of overcollateralization falls below what is required, the excess interest described above will be paid to the notes as principal, until the required level of overcollateralization is reached. As of the closing date, the sum of the aggregate principal balance of the mortgage loans conveyed to the trust fund and the amount on deposit in the prefunding account will exceed the aggregate outstanding principal balance of the notes by at least $6,895,742.50. This amount represents an initial overcollateralization of the notes relative to the mortgage loans and the initial amount on deposit in the pre-funding account. The cashflow mechanics for the notes are intended to increase this overcollateralization by applying all or a portion of the excess spread to the payment of principal of the notes as further described in this prospectus supplement. Policy. On the closing date, the credit enhancer will issue the financial guaranty insurance policy in favor of the indenture trustee for the benefit of the noteholders. The policy will unconditionally and irrevocably guarantee interest on the notes at the note rate, other than Relief Act Shortfalls, prepayment interest shortfalls and any amounts owing under the yield maintenance agreement, will cover the principal portion of any losses allocated to the notes not covered by excess interest or overcollateralization and will guarantee the outstanding note principal balance due on the notes on the final payment date. The policy is not cancelable for any reason." Prospectus Supplement at S-12, S-13.

Exhibit 17

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Amended Complaint, filed on May 17, 2012, *MassMutual Life Ins. Co. v. Residential Funding Co.*, No. 3:11-cv-30035-MAP (D. Mass.) [Docket No. 86]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, Plaintiff, v. RESIDENTIAL FUNDING COMPANY, LLC (F/K/A RESIDENTIAL FUNDING CORPORATION); RESIDENTIAL ACCREDIT LOANS, INC.; RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.; RESIDENTIAL ASSET SECURITIES CORPORATION; RESIDENTIAL FUNDING SECURITIES, LLC (F/K/A RESIDENTIAL FUNDING SECURITIES CORPORATION); UBS SECURITIES LLC; BRUCE J. PARADIS; DAVEE L. OLSON; DAVID C. WALKER; KENNETH M. DUNCAN; RALPH T. FLEES; JAMES G. JONES; and DAVID M. BRICKER, Defendants.	Civil Action No. 3:11-30035-MAP **[PROPOSED] FIRST AMENDED COMPLAINT** **JURY TRIAL DEMANDED**

Plaintiff Massachusetts Mutual Life Insurance Company ("MassMutual"), by and through its attorneys, brings this action against Residential Funding Company, LLC (f/k/a Residential Funding Corporation); Residential Accredit Loans, Inc.; Residential Asset Mortgage Products, Inc.; Residential Asset Securities Corporation; and Residential Funding Securities, LLC (f/k/a Residential Funding Securities Corporation) (collectively, "RFC" or the "RFC Defendants"); UBS Securities LLC (the "Underwriter Defendant"); and Bruce J. Paradis; Davee L. Olson; David C. Walker; Kenneth M. Duncan; Ralph T. Flees; James G. Jones; and David M. Bricker (collectively, the "Officer Defendants"), and alleges as follows:

NATURE OF ACTION

1. This action arises out of the sale of certain residential mortgage-backed securities (the "Certificates") to MassMutual. The Certificates were sold pursuant to public filings and offering materials that contained untrue statements and omissions of material facts, in violation of the Massachusetts Uniform Securities Act, Mass. Gen. Laws ch. 110A, § 410.

2. In 2004, General Motors Acceptance Corporation formed Residential Capital, LLC ("Residential Capital") to take advantage of the exploding market for residential mortgage-backed securities. Residential Capital's business focused on the origination, purchase, service, sale, and securitization of residential mortgage loans.

3. The RFC Defendants, all wholly owned subsidiaries of Residential Capital, originated and purchased mortgage loans that could not be sold to the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal National Mortgage Association ("Fannie Mae"). Instead, the RFC Defendants securitized these non-conforming loans for sale to investors, such as MassMutual. They earned substantial profits originating and securitizing the loans, but they did not have to bear the loss if the loans defaulted.

4. In marketing the Certificates to MassMutual, the RFC Defendants and Underwriter Defendant represented that the loans backing the securities were underwritten in accordance with prudent underwriting standards that ensured a borrower could repay the loan. The RFC Defendants and Underwriter Defendant also represented that the loans had certain characteristics, including defined loan-to-value ratios and specific owner-occupancy statistics.

5. These representations were material to MassMutual's decision to purchase Certificates because the RFC Defendants and Underwriter Defendant were the exclusive source of information regarding the loans backing the securities. Unlike the RFC Defendants and Underwriter Defendant, MassMutual did not have access to loan files. MassMutual therefore depended on the RFC Defendants and Underwriter Defendant to perform the necessary due diligence to verify that the information presented to it and other investors was true and accurate.

6. In reality, however, the loans backing the Certificates deviated substantially from what was represented to MassMutual. To generate an ever-growing volume of loans to sell to investors, the RFC Defendants abandoned their disclosed underwriting guidelines, often originating or purchasing loans issued to borrowers regardless of ability to repay. The loans were issued on the basis of overstated incomes, inflated appraisals, false verifications of employment, and exceptions to underwriting criteria that had no proper justification.

7. Just years after MassMutual purchased the Certificates, they now qualify as junk. In a majority of the 18 securitizations in which MassMutual purchased Certificates, over 40% of the loans backing the securities have now defaulted, been foreclosed upon, or are delinquent. A subsequent forensic analysis commissioned by MassMutual has demonstrated that the representations about the loans in all the securitizations were materially false. Under the

Massachusetts Uniform Securities Act, MassMutual is entitled to rescind its purchase of these securities.

PARTIES

A. Plaintiffs

8. Plaintiff Massachusetts Mutual Life Insurance Company is a Massachusetts mutual life insurance company with its principal place of business in Springfield, Massachusetts. Founded in 1851, MassMutual is a leading, diversified financial services organization providing life insurance, disability income insurance, long-term care insurance, annuities, retirement and income products, investment management, mutual funds, and trust services to individual and institutional customers.

B. RFC Defendants

9. Defendant Residential Funding Company, LLC is a Delaware limited liability company with its principal place of business in Minneapolis, Minnesota. Prior to approximately October 2006, Residential Funding Company, LLC operated as Residential Funding Corporation, a Delaware corporation with its principal place of business in Minneapolis, Minnesota. Residential Funding Company, LLC and its predecessor, Residential Funding Corporation, are referred to herein as "Residential Funding." Residential Funding was the Sponsor for all securitizations at issue in this action.

10. Defendant Residential Accredit Loans, Inc. ("RALI") is a Delaware corporation with its principal place of business in Minneapolis, Minnesota. RALI was the Depositor for 10 of the 18 securitizations at issue in this action.

11. Defendant Residential Asset Mortgage Products, Inc. ("RAMP") is a Delaware corporation with its principal place of business in Minneapolis, Minnesota. RAMP was the Depositor for 6 of the 18 securitizations at issue in this action.

12. Defendant Residential Asset Securities Corporation ("RASC") is a Delaware corporation with its principal place of business in Minneapolis, Minnesota. RASC was the Depositor for 2 of the 18 securitizations at issue in this action.

13. Defendant Residential Funding Securities, LLC is a Delaware limited liability company with its principal place of business in Minneapolis, Minnesota. Prior to approximately April 2006, Residential Funding Securities, LLC operated as Residential Funding Securities Corporation, a Delaware corporation with its principal place of business in Minneapolis, Minnesota. Residential Funding Securities, LLC and Residential Funding Securities Corporation are referred to herein as "Residential Securities." Residential Securities was the Underwriter for 4 of the 18 securitizations at issue in this action.

C. Underwriter Defendant

14. Defendant UBS Securities LLC ("UBS") is a Delaware limited liability company with its principal place of business in Stamford, Connecticut. UBS was the Underwriter for 1 of the 18 securitizations at issue in this action.

D. Officer Defendants

15. Defendant Bruce J. Paradis joined Residential Funding in 1983, and served in several executive positions prior to becoming its President and Chief Executive Officer in 1994. At all relevant times, Paradis also served as President of Residential Securities. In addition, Paradis served as President, Chief Executive Officer, and a director of each of RALI, RAMP, and RASC. Paradis signed registration statements for 17 of the 18 securitizations at issue in this action.

16. Defendant Davee L. Olson served as an officer of Residential Funding for over 15 years. He served as a vice president of finance from 1987 until 1990, as a senior vice president of finance from 1990 until 1991, and as the Chief Financial Officer from 1991 to January 2005.

Olson also served as a director of RALI, as the Chief Financial Officer and a director of RAMP, and as a director of RASC. Olson signed registration statements for 14 of the 18 securitizations at issue in this action.

17. Defendant David C. Walker joined General Motors Acceptance Corporation, the parent company of Residential Funding, in 1985. He served as managing director, Chief Financial Officer, and a member of the board of directors of GMAC Mortgage Group since January 2000, and as director of U.S. funding and securitization at GMAC from September 1998 until December 1999. Walker also served as a director of each of Residential Funding, RALI, and RAMP. Walker signed registration statements for 4 of the 18 securitizations at issue in this action.

18. Defendant Kenneth M. Duncan served as Acting Chief Financial Officer of each of Residential Funding, RALI, RAMP, and RASC. Duncan signed registration statements for 16 of the 18 securitizations at issue in this action.

19. Defendant Ralph T. Flees served as Controller and Principal Accounting Officer of each of RALI, RAMP, and RASC. Flees signed registration statements for 17 of the 18 securitizations at issue in this action.

20. Defendant James G. Jones was President, Chief Financial Officer, and a director of RALI. Jones signed the registration statement for one securitization at issue in this action.

21. Defendant David M. Bricker was the Chief Financial Officer and a director of RALI. Bricker signed the registration statement for one securitization at issue in this action.

E. Relevant Non-Parties

22. The Certificates for each securitization relevant to this action were issued by a trust established by the Depositor. The 18 issuing trusts (collectively, the "Trusts") were: RALI Series 2005-QO3 Trust, RALI Series 2005-QO4 Trust, RAMP Series 2005-RZ1 Trust, RAMP

Series 2006-EFC2 Trust, RASC Series 2006-EMX6 Trust, RALI Series 2006-QA6 Trust, RALI Series 2006-QO1 Trust, RALI Series 2006-QO3 Trust, RALI Series 2006-QO4 Trust, RALI Series 2006-QO5 Trust, RALI Series 2006-QO6 Trust, RALI Series 2006-QO9 Trust, RAMP Series 2006-RS4 Trust, RAMP Series 2006-RS6 Trust, RAMP Series 2006-RZ3 Trust, RASC Series 2007-KS3 Trust, RALI Series 2007-QH6 Trust, and RAMP Series 2007-RZ1 Trust.

23. At all relevant times, the defendants committed the acts, caused or directed others to commit the acts, or permitted others to commit the acts alleged in this Complaint. Any allegations about acts of corporate defendants means that those acts were committed through their officers, directors, employees, agents, and/or representatives while those individuals were acting within the actual or implied scope of their authority.

JURISDICTION AND VENUE

24. This Court has diversity jurisdiction pursuant to 28 U.S.C. § 1332(a), as there is complete diversity of citizenship between the parties, and the amount in controversy exceeds $75,000, exclusive of interest and costs.

25. This Court has personal jurisdiction over the defendants by virtue of their securities sales in Massachusetts.

26. Venue is proper in the District of Massachusetts pursuant to 28 U.S.C. § 1391, because substantial events giving rise to this Complaint took place in Massachusetts.

SUBSTANTIVE ALLEGATIONS

27. During the time that MassMutual purchased the Certificates, the RFC Defendants were all wholly owned subsidiaries of Residential Capital, LLC, formerly Residential Capital Corporation (“Residential Capital”). The RFC Defendants operated collectively, as an enterprise, to structure and market the 18 securitizations at issue in this action.

28. Residential Capital was formed by General Motors Acceptance Corporation in 2004 to take advantage of the exploding market for residential mortgage-backed securities.

I. THE MARKET FOR RESIDENTIAL MORTGAGE-BACKED SECURITIES

29. In the 1980's and 1990's, mortgage originators followed a traditional model for originating mortgage loans. Under the traditional model, they either held the mortgage loans they provided to borrowers through the terms of the loans, or sold the mortgage loans to governmental agencies Fannie Mae and Freddie Mac.

30. Loans held by mortgage originators were typically conservative, first-lien loans to prime borrowers because the originator would profit if the borrower made timely interest and principal payments, but would bear the loss if the borrower defaulted and the property value was insufficient to repay the loan. As a result, the originator had economic incentives to establish the creditworthiness of the borrower and the true value of the underlying property by appraising it fairly before issuing the mortgage loan.

31. Loans sold to Fannie Mae and Freddie Mac were also conservative loans to prime borrowers because the loans had to meet specific guidelines for sale. By law, Fannie Mae and Freddie Mac can purchase only those mortgage loans that conform to certain regulatory guidelines. These loans are known in the industry as conforming loans, and are historically the most conservative loans with the lowest rates of delinquency and default. Mortgage loans that fail to meet the regulatory guidelines are known in the industry as non-conforming loans.

32. In the 1980's and 1990's, Fannie Mae and Freddie Mac securitized the loans they purchased from mortgage originators and sold the securities backed by the loans, referred to as residential mortgage-backed securities, to investors. Investors in these early mortgage-backed securities were provided protections not only because the underlying loans conformed to strict regulatory guidelines, but also because Fannie Mae and Freddie Mac guaranteed that investors

would receive timely payments of principal and interest. Because Fannie Mae and Freddie Mac were perceived as being backed by the federal government, investors viewed the guarantees as diminishing credit risk, if not removing it altogether.

33. In the early 2000's, the demand for securities backed by mortgage loans increased. Private financial institutions stepped in to meet the demand by originating an ever-growing number of non-conforming loans, such as loans based on reduced documentation, loans issued to subprime borrowers, and adjustable loans where the interest rate increases after a period of time. These loans were then securitized for sale to private investors. By 2001, $240 billion in residential mortgage-backed securities were issued through private securitizations. By 2006, that amount had increased by almost five times – to $1.033 trillion.

34. Residential Capital was formed to take advantage of this exploding market. According to Inside Mortgage Finance, Residential Capital issued $42.336 billion in residential mortgage-backed securities in 2004 and $56.93 billion in 2005. In 2005, Residential Capital was the fifth-largest issuer of securities backed by non-conforming loans. In 2006, Residential Capital increased its production to $66.2 billion in residential mortgage-backed securities, and became the fourth-largest issuer of securities backed by non-conforming loans. In 2007, Residential Capital issued $6.6 billion of subprime residential mortgage-backed securities and an additional $22.2 billion of Alt-A securities.

II. THE SECURITIZATION PROCESS

35. To create residential mortgage-backed securities, such as the Certificates purchased by MassMutual, a process known as mortgage securitization is used. Mortgage loans are acquired from mortgage originators and pooled together, with securities constituting interests in the cash flow from the mortgage pools then sold to investors. The securities are also referred to as mortgage pass-through securities because the cash flow from the pool of mortgages is

passed through to the securities holders when payments are made by the underlying mortgage borrowers.

36. Each securitization involves several entities that perform distinct tasks. The first step in creating a residential mortgage-backed security, such as the Certificates, is the acquisition by the Depositor of an inventory of mortgage loans from a Sponsor (also referred to as a Seller), which either originates the loans or acquires the loans from other mortgage originators in exchange for cash. The Depositor is often a subsidiary or other affiliate of the Sponsor.

37. The Depositor then securitizes the pool of loans by forming one or more mortgage pools with the inventory of loans, and creating tranches of interests in the mortgage pools with various levels of seniority. Interests in these tranches are then issued by the Depositor (who then serves as the Issuer) through a trust in the form of bonds, or certificates.

38. Each tranche has a different level of purported risk and reward, and, often, a different credit rating. The most senior tranches often receive the highest investment grade rating (triple-A). Junior tranches, which usually have lower ratings, are more exposed to risk, but offer higher potential returns. The most senior tranches of securities will be entitled to payment in full before the junior tranches. Conversely, losses on the underlying loans in the asset pool – whether due to default, delinquency, or otherwise – are allocated first to the most subordinate or junior tranche of securities, then to the tranche above that. This hierarchy in the division of cash flows is referred to as the flow of funds or waterfall.

39. The Depositor works with one or more of the nationally recognized credit-rating agencies to ensure that each tranche of the mortgage-backed securities receives the rating desired by the Depositor (and Underwriter). Once the asset pool is securitized, the certificates are issued

to one or more Underwriters (typically Wall Street banks), who resell them to investors, such as MassMutual.

40. Because the cash flow from the loans in the mortgage pool of a securitization is the source of funds to pay the holders of the securities issued by the trust, the credit quality of the securities depends primarily on the credit quality of the loans in the mortgage pool, which often includes thousands of loans. Detailed information about the credit quality of the loans is contained in the loan files developed and maintained by the mortgage originators when making the loans. For residential mortgage loans, such as the loans that backed the Certificates purchased by MassMutual, each loan file normally contains documents including the borrower's application for the loan, verification of income, assets, and employment, references, credit reports, and an appraisal of the property that will secure the loan and provide the basis for other measures of credit quality, such as loan-to-value ratios, and occupancy status. The loan file should also include notes from the person who underwrote the loan describing the loan's purported compliance with underwriting guidelines, and documentation of compensating factors that justified any departure from those standards.

41. Investors do not have access to the loan files. Instead, the Sponsor, Depositor, and Underwriter are responsible for gathering and verifying information about the credit quality and characteristics of the loans that are deposited into the trust, and presenting this information in the registration statements, prospectuses, and prospectus supplements (collectively, the "Offering Materials") prepared for potential investors. This due diligence process is a critical safeguard for investors and a fundamental legal obligation of the Sponsor, Depositor, and Underwriter.

III. MASSMUTUAL'S PURCHASES OF RFC CERTIFICATES

42. MassMutual purchased Certificates sponsored by Residential Funding between March 2005 and June 2007. MassMutual made the following purchases of Certificates, representing a total investment of approximately $300 million, from the following defendants:

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RAMP Series 2005-RZ1, Class M1 and Class M2	Residential Asset Mortgage Products, Inc. Series 2005-RZ1	9,250,000.00	Residential Funding Corporation (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor)
RALI Series 2005-QO3 , Class A1	Residential Accredit Loans, Inc. Series 2005-QO3	23,544,062.50	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor) Residential Funding Securities Corporation (Underwriter)
RALI Series 2005-QO4, Class 2A1	Residential Accredit Loans, Inc. Series 2005-QO4	25,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RALI Series 2006-QO1, Class 3A1	Residential Accredit Loans, Inc. Series 2006-QO1	50,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO3, Class A1	Residential Accredit Loans, Inc. Series 2006-QO3	45,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO4, Class 2A1	Residential Accredit Loans, Inc. Series 2006-QO4	40,050,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO5, Class 2A1	Residential Accredit Loans, Inc. Series 2006-QO5	36,094,500.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor) UBS Securities LLC (Underwriter)
RAMP Series 2006-RS4, Class M9	Residential Asset Mortgage Products Series 2006-RS4	2,000,000.00	Residential Funding Corporation (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor)

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RALI Series 2006-QO6, Class A2	Residential Accredit Loans, Inc. Series 2006-QO6	6,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RASC Series 2006-EMX6, Class M8 and Class M9	Residential Asset Securities Corp. Series 2006-EMX6 Class M9	1,750,000.00	Residential Funding Corporation (Sponsor) Residential Asset Securities Corporation (Depositor) Residential Funding Securities, LLC (Underwriter)
RALI Series 2006-QA6, Class A2 and Class A3	Residential Accredit Loans, Inc. Series 2006-QA6	27,113,752.75	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor) Residential Funding Securities, LLC (Underwriter)
RAMP Series 2006-RZ3, Class M8	Residential Asset Mortgage Products Series 2006-RZ3	1,000,000.00	Residential Funding Corporation (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor)

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RAMP Series 2006-RS6, Class M7	Residential Asset Mortgage Products Series 2006-RS6	1,375,000.00	Residential Funding Company, LLC (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor)
RAMP Series 2006-ECF2, Class M8	Residential Asset Mortgage Products, Inc. Series 2006-EFC2	1,200,000.00	Residential Funding Company, LLC (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor) Residential Funding Securities, LLC (Underwriter)
RALI Series 2006-QO9, Class M8	Residential Accredit Loans, Inc. Series 2006-QO9	4,927,018.59	Residential Funding Company, LLC (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RAMP Series 2007-RZ1, Class M6, Class M7, and Class M8	Residential Asset Mortgage Products, Inc. Series 2007-RZ1	1,955,585.94	Residential Funding Company, LLC (Sponsor) Residential Asset Mortgage Products, Inc. (Depositor)

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RASC Series 2007-KS3, Class M3S	Residential Asset Securities Corp. Series 2007-KS3	3,000,000.00	Residential Funding Company, LLC (Sponsor) Residential Asset Securities Corporation (Depositor)
RALI Series 2007-QH6, Class A1	Residential Accredit Loans, Inc. Series 2007-QH6	15,808,017.00	Residential Funding Company, LLC (Sponsor) Residential Accredit Loans, Inc. (Depositor)
TOTAL		295,067,936.78	

IV. DEFENDANTS' ABANDONMENT OF THEIR DISCLOSED UNDERWRITING STANDARDS TO FACILITATE SALE OF LOW-QUALITY LOANS TO INVESTORS

A. RFC's Representations That It Consistently Followed Underwriting Standards

43. The fundamental basis upon which residential mortgage-backed securities are valued is the ability of the borrowers to repay the principal and interest on the underlying loans and the adequacy of the collateral for those loans. If the borrowers cannot pay, and the collateral is insufficient, the investors incur losses. For this reason, the underwriting standards and practices of the mortgage originator that issued the loans backing the certificates, and the representations in the Offering Materials regarding those standards, are critically important to the value of the securities, and to investors' decisions to purchase the securities.

44. As Sponsor of the securitizations at issue, Residential Funding either originated the underlying mortgage loans through its wholly owned subsidiary, Homecomings Financial,

LLC, formerly Homecomings Financial Network, Inc. ("Homecomings"), or purchased them from other originators. Each loan was purportedly underwritten according to a set of underwriting guidelines, which are specified criteria that the mortgage loans must meet depending upon the individual loan program and circumstances of each mortgage loan. In general, the underwriting guidelines stipulated what documentation was required to be included in the mortgage loan files for each loan product (which may include, depending upon the loan product, verifications of income, assets, closing funds and payment histories, among others) and criteria for eligibility, including tests for debt-to-income ("DTI") and combined loan-to-value ("CLTV") ratios.

45. The RFC Defendants represented to investors that the securitized loans were underwritten according to meaningful underwriting standards.

46. From 2005 to 2007, Residential Capital consistently reported in its public filings for itself and its subsidiaries, including all RFC Defendants, that underwriting standards were consistently applied, even for non-conforming loans, to confirm a borrower's credit profile and to produce performing loans:

> All mortgage loans that we originate and most of the mortgage loans we purchase are subject to our underwriting guidelines and loan origination standards. When originating mortgage loans . . . , we follow established lending policies and procedures that require consideration of a variety of factors, including:
>
> - the borrower's capacity to repay the loan;
> - the borrower's credit history;
> - the relative size and characteristics of the proposed loan; and
> - the amount of equity in the borrower's property (as measured by the borrower's loan-to-value ratio).

> Our underwriting standards have been designed to produce loans that meet the credit needs and profiles of our borrowers, thereby creating more consistent performance characteristics for investors in our loans.

47. Residential Capital also consistently reported from 2005 to 2006 that quality control and periodic audits ensured the consistent application of underwriting standards:

> We also conduct a variety of quality control procedures and periodic audits to ensure compliance with our origination standards, including our responsible lending standards and legal requirements. Although many of these procedures involve manual reviews of loans, we seek to leverage our technology in further developing our quality control procedures. For example, we have programmed many of our compliance standards into our loan origination systems and continue to use and develop automated compliance technology to mitigate regulatory risk.

48. Representations about the underwriting standards were repeated in the Offering Materials for each of the 18 securitizations.

49. The Offering Materials promised investors that the mortgage originators for the loans had collected a variety of financial information about a borrower to ensure that the borrower could repay the loan:

> As part of the description of the mortgagor's financial condition, each mortgagor is required to furnish information . . . 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.

50. The Offering Materials promised investors that only borrowers who could repay loans had received them:

> 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 . . . . 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.

51. The Offering Materials also promised investors that Residential Funding itself had reviewed the underwriting information to confirm compliance with underwriting standards:

> Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided . . . 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 . . . .

52. The review by Residential Funding including sampling mortgage loans to confirm conformity with underwriting standards and likelihood of repayment:

> Residential Funding Corporation, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Corporation 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.

53. Finally, the Offering Materials promised investors that all loans were issued in substantial compliance with underwriting standards, and that any deviation from a specific criteria was justified by sufficient positive compensating factors:

> [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.

B. RFC's Abandonment of Underwriting Standards to Generate a Large Volume of Loans for Securitization, With Investors Bearing the Risk of Loss

54. The securitization process incentivized RFC to abandon underwriting standards so that it could originate and purchase huge volumes of low-quality loans to securitize.

55. As the private residential mortgage-backed securities market expanded, the traditional "originate to hold" model morphed into the "originate to distribute" model. Under the "originate to distribute" model, mortgage companies, such as the RFC Defendants, no longer held the mortgage loans to maturity. Rather, they shifted the risk of loss to the investors who purchased an interest in the securitized pool of loans.

56. The new distribution model was highly profitable for the RFC Defendants and other mortgage companies. By securitizing and selling mortgage loans to investors through underwriters, mortgage companies received immediate payment for the loans, shifted the loans off their books, and were able to issue more loans. The securitization process enabled the mortgage companies to earn most of their income from transaction and loan-servicing fees. Because the mortgage companies did not have to bear the risk of loss, they had an unchecked incentive to originate more and more loans to feed into the securitization machine.

57. The Attorney General for the Commonwealth of Massachusetts explained this unchecked incentive in her investigation into the subprime mortgage industry:

> Historically, the vast majority of home mortgages were written by banks which held the loans in their own portfolios, knew their borrowers, and earned profit by writing good loans and collecting interest over many years. Those banks had to live with their "bad paper" and thus had a strong incentive to avoid making bad loans. In recent years, however, the mortgage market has been driven and funded by the sale and securitization of the vast majority of loans. Lenders now frequently make mortgage loans with the intention to promptly sell the loan and mortgage to one or more entities. ... The lenders' incentives thus changed from writing good loans to writing a huge volume of loans to re-sell, extracting their profit at the front end, with considerably less regard to the ultimate performance of the loans.

58. Ben Bernanke, Chairman of the Federal Reserve Bank, also explained the incentive to abandon underwriting standards in Congressional testimony:

> When an originator sells a mortgage and its servicing rights, depending on the terms of the sale, much or all of the risks are passed on to the loan purchaser. Thus, originators who sell loans may have less incentive to undertake careful underwriting than if they kept the loans. Moreover, for some originators, fees tied to loan volume made loan sales a higher priority than loan quality. This misalignment of incentives, together with strong investor demand for securities with high yields, contributed to the weakening of underwriting standards.

59. To take advantage of the exploding market for residential mortgage-backed securities, the RFC Defendants abandoned their disclosed underwriting guidelines to originate and purchase as many loans as possible for securitization.

60. Unbeknownst to MassMutual, the RFC Defendants originated or purchased loans that had been issued to borrowers, regardless of their ability to pay. The loans were often issued on the basis of overstated incomes, inflated appraisals, false verifications of employment, or exceptions to underwriting criteria that had no proper justification. The origination practices engaged in by the RFC Defendants and the originators from which they purchased were in blatant disregard of RFC's disclosed underwriting standards, and any semblance of reasonable and prudent underwriting.

61. The RFC Defendants' abandonment of their underwriting guidelines has been the subject of multiple investigations and lawsuits. For example, in the case *MBIA Insurance Co. v. Residential Funding Corp.*, No 603552-2008 (NY State Supreme Court), MBIA states that it obtained mortgage loans for multiple RFC transactions and found that out of 7,913 loans examined, "at least 7,019 – more than 88% of the mortgage loans that MBIA reviewed – were not originated or acquired in material compliance with RFC's representations and warranties." Similarly, in *New Jersey Carpenters Health Fund, et al v. Residential Capital, LLC*, et al, 08-

CV-8781 (S.D.N.Y. 2008), plaintiff pension funds alleged violations of underwriting guidelines and misrepresentations relating to underwriting guidelines by RFC in the Offering Materials of 10 RFC sponsored securities, including 2 at issue here—RALI 2006-QO6 and RALI 2006-QO9. In that complaint, plaintiffs state, "The descriptions of the underwriting guidelines included in the Offering Documents described the policies employed by RFC, by way of its wholly-owned subsidiary [Homecomings] in examining borrower creditworthiness and verifying borrower information . . . and in conducting appraisals of the mortgaged properties . . . . These portions of the Offering Documents also contained misstatements and omissions since, as has emerged only well after issuance of the Certificates, [Homecomings] and its correspondent lenders systematically disregarded the stated underwriting guidelines set forth in the Offering Documents."

C. Widespread Defaults That Confirm RFC's Abandonment of Its Underwriting Standards

62. Even though the Certificates purchased by MassMutual were supposed to be long-term, stable investments, just years after their issuance, a substantially high percentage of the mortgage loans backing the Certificates have defaulted, been foreclosed upon, or are delinquent, resulting in massive losses to the certificateholders, including MassMutual. The following table contains the most recent performance data available for the loan pools:

Transaction	Number of Loans in Pool at Closing	Current Number of Loans in Pool	Number of Loans Liquidated or Foreclosed Upon	Number of Loans in Default or Delinquent	% of Loans Liquidated, Foreclosed Upon, in Default or Delinquent
RALI 2005-QO3	1414	254	348	91	31.05%
RALI 2005-QO4	2306	458	600	154	32.70%
RALI 2006-QA6	2226	627	860	75	42.00%
RALI 2006-QO1	2807	589	856	177	36.80%
RALI 2006-QO3	1897	422	644	154	42.07%
RALI 2006-QO4	2470	579	881	215	44.37%
RALI 2006-QO5	2975	715	1119	294	47.50%
RALI 2006-QO6	3651	926	1393	325	47.06%

RALI 2006-QO9	2553	723	1062	286	52.80%
RALI 2007-QH6	1549	563	603	222	53.26%
RAMP 2005-RZ1	1379	315	184	10	14.07%
RAMP 2006-EFC2	2385	727	778	80	35.97%
RAMP 2006-RS4	5288	1400	576	170	14.11%
RAMP 2006-RS6	1610	480	704	33	45.78%
RAMP 2006-RZ3	4604	1455	1704	152	40.31%
RAMP 2007-RZ1	1904	683	692	71	40.07%
RASC 2006-EMX6	3989	773	1944	156	52.64%
RASC 2007-KS3	8173	3022	2812	365	38.87%

63. Many of MassMutual's investments initially received the highest possible Standard & Poor's rating—AAA—which has historically represented an expected loss rate of less than .05%. This is the same rating typically given to bonds backed by the full faith and credit of the United States government, such as treasury bills. According to S&P's whitepaper, "Understanding Standard & Poor's Rating Definitions," a AAA rating represents an "extremely strong capacity to meet its financial commitments."

64. Because of the high delinquency and default rates, among other things, however, most of the Certificates have been downgraded to junk-bond ratings, as can be seen in the following table:

Certificate	Original S&P Rating	Current S&P Rating	Original Moody's Rating	Current Moody's Rating
RALI 2005-QO3 A1	AAA	CCC	Aaa	Caa2
RALI 2005-QO4 2A1	AAA	CCC	Aaa	Caa3
RALI 2006-QA6 A2	AAA	CC	Aaa	Caa3
RALI 2006-QA6 A3	AAA	CC	Aaa	Caa3
RALI 2006-QO1 3A1	AAA	CCC	Aaa	Caa3
RALI 2006-QO3 A1	AAA	CCC	Aaa	Caa2
RALI 2006-QO4 2A1	AAA	B-	Aaa	Caa3
RALI 2006-QO5 2A1	AAA	B-	Aaa	Caa3
RALI 2006-QO6 A2	AAA	CC	Aaa	Caa3
RALI 2006-QO9 M8	BBB	No Longer Rated[1]	A3	No Longer Rated
RALI 2007-QH6 A1	AAA	B-	Aaa	Caa3
RAMP 2005-RZ1 M1	AA+	AA+	Aaa	Aaa
RAMP 2005-RZ1 M2	AA	AA	Aa1	Aa1
RAMP 2006-RS4 M9	BBB-	No Longer Rated	Baa2	No Longer Rated
RAMP 2006-RS6 M7	BBB+	No Longer Rated	Baa1	No Longer Rated

[1] Each bond indicated "No Longer Rated" has been entirely written off due to losses.

RAMP 2006-RZ3 M8	NR	No Longer Rated	Baa2	No Longer Rated
RAMP 2007-RZ1 M6	A-	No Longer Rated	A3	No Longer Rated
RAMP 2007-RZ1 M7	BBB+	No Longer Rated	A3	No Longer Rated
RAMP 2007-RZ1 M8	BBB+	No Longer Rated	A3	No Longer Rated
RASC 2006-EMX6 M8	BBB	No Longer Rated	Baa2	No Longer Rated
RASC 2006-EMX6 M9	BBB-	No Longer Rated	Baa3	No Longer Rated
RASC 2007-KS3 M3S	AA-	No Longer Rated	Aa3	No Longer Rated

65. The poor performance of the loan pools and the rapidly dropping credit ratings of the Certificates have caused a massive decline in the market values of the Certificates. According to the most recent data, the Certificates should be worth approximately $177 million, but their market value is substantially lower – approximately $84 million.

66. The economic downturn cannot explain the abnormally high percentage of defaults, foreclosures, and delinquencies observed in the loan pools. Loan pools that were properly underwritten and contained loans with the represented characteristics would have experienced substantially fewer payment problems and substantially lower percentages of defaults, foreclosures, and delinquencies.

V. MISREPRESENTATIONS ABOUT APPRAISALS AND LOAN-TO-VALUE RATIOS REVEALED BY A FORENSIC REVIEW OF THE MORTGAGE LOANS

A. Appraisal and LTV Testing

67. MassMutual commissioned a forensic review of the mortgage loans underlying the Certificates to determine whether the characteristics of the mortgage loans, as represented in the Offering Materials, were accurate.

68. As part of the forensic review, data relating to the collateral loans underlying each of the securitizations was gathered from multiple public sources, including assessor, DMV, credit, and tax records, as well as proprietary sources such as loan servicing, securitization, and mortgage application records. The data relating to individual mortgage loans was then compared to the representations made in the Offering Materials.

69. The forensic review tested the appraised values and loan-to-value ratio ("LTV") of each property, as represented in the Offering Materials, through an industry-standard automated valuation model ("AVM").

70. The LTV is the ratio of a mortgage loan's original principal balance to the appraised value of the mortgaged property. This ratio was material to MassMutual and other investors because higher ratios are correlated with a higher risk of default. A borrower with a small equity position in a property has less to lose if he or she defaults on the loan. There is also a greater likelihood that a foreclosure will result in a loss for the lender if the borrower fully leveraged the property. LTV is a common metric for analysts and investors to evaluate the price and risk of mortgage-backed securities.

71. For each of the loans reviewed, the underlying property was valued by an industry-standard AVM. AVMs are routinely used in the industry as a way of valuing properties during prequalification, origination, portfolio review, and servicing. AVMs have become ubiquitous enough that their testing and use is specifically outlined in regulatory guidance and discussed in the Dodd-Frank Act. AVMs rely upon similar data as in-person appraisals—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. The AVM that MassMutual used incorporates a database of 500 million mortgage transactions covering ZIP codes that represent more than 97% of the homes, occupied by more than 99% of the population, in the United States. Independent testing services have determined that this AVM is the most accurate of all such models.

72. For purposes of MassMutual's forensic review, a retrospective AVM was conducted for each loan to calculate the value of the underlying property at the time each loan

was originated. The inputs for each calculation included, *inter alia*, (1) any subsequent sale prices of the target property, (2) sale prices and appraisals of comparable properties in the neighborhood, and (3) changes in home price indices over time.

73. Applying the AVM results to the available data for the loans underlying the Certificates shows that the appraised values given to the properties were often significantly higher than what the properties were actually worth. This affected the LTV ratios by decreasing the actual value of the properties relative to the loan amounts, which increased the overall ratios. This overvaluation affected numerous statistics in the Offering Materials, as described in detail for each transaction in Section V.B below.

B. Specific Misrepresentations in the Offering Materials.

(1) RALI 2005-QO3

74. The Prospectus Supplement for the RALI 2005-QO3 securitization represented that the weighted average LTV ratio of the mortgage loans was 73.84%. It also represented that only 8 mortgage loans would have an LTV above 90%, which was 0.51% of the collateral pool.

75. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2005-QO3 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "--Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

76. The Prospectus also stated:

> 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.

77. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	73.84%	81.35%
Percentage of Collateral Loans with LTV of Greater than 90%	0.51% (8 loans)	16.56% (221 loans)

78. In total, 37% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 29% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

79. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(2) RALI 2005-QO4

80. The Prospectus Supplement for the RALI 2005-QO4 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.25%. It also represented that only 40 Mortgage Loans would have an LTV greater than 90%, which represented 1.21% of the pool.

81. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2005-QO4 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "--Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

82. The Prospectus also stated:

> 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.

83. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.25%	83.71%
Percentage of Collateral Loans with LTV of Greater than 90%	1.21% (40 loans)	19.81% (457 loans)

84. In total, 41% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 35% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

85. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data,

along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(3) RALI 2006-QA6

86. The Prospectus Supplement for the RALI 2006-QA6 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 76.97%. It also represented that only 24 Mortgage Loans had an LTV ratio greater than 90%, which represented 1.01% of the pool.

87. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QA6 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "--Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

88. The Prospectus also stated:

> 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.

89. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	76.97%	85.58%
Percentage of Collateral Loans with LTV of Greater than 90%	1.01% (24 loans)	18.84% (395 loans)

90. In total, 35% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 30% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

91. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV

and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(4) RALI 2006-QO1

92. The Prospectus Supplement for the RALI 2006-QO1 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.51%. It also represented that only 55 Mortgage Loans had an LTV ratio greater than 90%, which represented just 1.61% of the pool.

93. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO1 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "--Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

94. The Prospectus also stated:

> 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.

95. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.51%	84.06%
Percentage of Collateral Loans with LTV of Greater than 90%	1.61% (55 loans)	24.71% (694 loans)

96. In total, 45% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 40% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

97. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the

properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(5) RALI 2006-QO3

98. The Prospectus Supplement for the RALI 2006-QO3 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.31%. It also represented that only 27 Mortgage Loans would have an LTV above 90, which was 1.22% of the collateral pool.

99. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO3 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation. . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

100. The Prospectus also stated:

> 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.

101. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.31%	85.53%
Percentage of Collateral Loans with LTV of Greater than 90%	1.22% (27 loans)	20.94% (383 loans)

102. In total, 46% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 39% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

103. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties.

They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(6) The RALI 2006-QO4 Securitization

104. The Prospectus Supplement for the RALI 2006-QO4 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.27%. It also represented that only 33 Mortgage Loans would have an LTV above 90, which was 0.92% of the collateral pool.

105. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO4 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation . . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

106. The Prospectus also stated:

> 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.

107. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above.

MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.27%	83.10%
Percentage of Collateral Loans with LTV of Greater than 90%	.92% (33 loans)	21.64% (535 loans)

108. In total, 42% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 34% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

109. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(7) RALI 2006-QO5

110. The Prospectus Supplement for the RALI 2006-QO5 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.67%. It also represented that only 51 Mortgage Loans would have an LTV above 90, which was 1.26% of the collateral pool.

111. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO5 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation. . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

112. The Prospectus also stated:

> 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.

113. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.67%	84.15%
Percentage of Collateral Loans with LTV of Greater than 90%	1.26% (51 loans)	19.54% (584 loans)

114. In total, 45% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 37% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

115. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(8) RALI 2006-QO6

116. The Prospectus Supplement for the RALI 2006-QO6 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 74.66%. It also represented that only 75 Mortgage Loans would have an LTV above 90, which was 1.56% of the collateral pool.

117. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO6 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation. . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

118. The Prospectus also stated:

> 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.

119. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	74.66%	85.69%
Percentage of Collateral Loans with LTV of Greater than 90%	1.56% (75 loans)	23.98% (861 loans)

120. In total, 48% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 40% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

121. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(9) RALI 2006-QO9

122. The Prospectus Supplement for the RALI 2006-QO9 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 75.15%. It also represented that only 17 Mortgage Loans would have an LTV above 90%, which was 0.54% of the collateral pool.

123. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2006-QO9 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation. . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

124. The Prospectus also stated:

> 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.

125. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	75.15%	89.46%
Percentage of Collateral Loans with LTV of Greater than 90%	.54% (17 loans)	32.42% (770 loans)

126. In total, 60% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 53% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

127. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(10) RALI 2007-QH6

128. The Prospectus Supplement for the RALI 2007-QH6 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 73.89%. It also represented that only 32 Mortgage Loans would have an LTV above 90%, which was 1.62% of the collateral pool.

129. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RALI 2007-QH6 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation. . . . Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines 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.

130. The Prospectus also stated:

> 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.

131. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	73.89%	90.66%
Percentage of Collateral Loans with LTV of Greater than 90%	1.62% (32 loans)	36.07% (559 loans)

132. In total, 61% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

133. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(11) RAMP 2005-RZ1

134. The Prospectus Supplement for the RAMP 2005-RZ1 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 102.23%. It also represented

that 758 Mortgage Loans would have an LTV above 100%, which was 58.07% of the collateral pool.

135. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RAMP 2005-RZ1 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. At least one full appraisal is obtained (plus a field review or an additional appraisal for Credit Grade A4) for the mortgaged property. Appraisers are either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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.

136. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

137. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	102.23%	106.46%
Percentage of Collateral Loans with LTV of Greater than 100%	58.07% (758 loans)	62.61% (804 loans)

138. In total, 27% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 29% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

139. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(12) RAMP 2006-EFC2

140. The Prospectus Supplement for the RAMP 2006-EFC2 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 83.28%. It also represented that 685 Mortgage Loans would have an LTV above 90%, which was 19.18% of the collateral pool.

141. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RAMP 2006-EFC2 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. Appraisers are either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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.

142. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

143. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	83.28%	91.71%
Percentage of Collateral Loans with LTV of Greater than 90%	19.18% (685 loans)	38.31% (759 loans)

144. In total, 50% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 41% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

145. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(13) RAMP 2006-RS4

146. The Prospectus Supplement for the RAMP 2006-RS4 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 88.12%. It also represented that 2,827 Mortgage Loans would have an LTV above 90%, which was 46.23% of the collateral pool.

147. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RAMP 2006-RS4 represented as follows:

> 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.

148. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

149. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	88.12%	97.02%
Percentage of Collateral Loans with LTV of Greater than 90%	46.23% (2827 loans)	56.92% (3146 loans)

150. In total, 38% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 37% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

151. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(14) RAMP 2006-RS6

152. The Prospectus Supplement for the RAMP 2006-RS6 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 80.68%. It also represented that

only 69 Mortgage Loans would have an LTV above 90%, which was 3.73% of the collateral pool.

153. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus for RAMP 2006-RS6 represented as follows:

> 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.

154. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

155. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	80.68%	92.56%
Percentage of Collateral Loans with LTV of Greater than 90%	3.73% (69 loans)	26.9% (380 loans)

156. In total, 40% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 37% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but that the representations relating appraisal practices were false as well. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

157. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(15) RAMP 2006-RZ3

158. The Prospectus Supplement for the RAMP 2006-RZ3 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 100.25%. It also represented that 379 loans would have LTVs greater than 100%, which represented 8.56% of the pool.

159. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RAMP 2006-RZ3 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. At least one full appraisal is obtained for the mortgaged property. Appraisers are either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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.

160. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

161. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	100.25%	109.65%
Percentage of Collateral Loans with LTV of Greater than 100%	8.56% (379 loans)	38.56% (1499 loans)

162. In total, 35% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 38% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

163. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(16) RAMP 2007-RZ1

164. The Prospectus Supplement for the RAMP 2007-RZ1 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 99.56%. It also represented that 71 Mortgage Loans would have an LTV above 100%, which was 3.54% of the collateral pool.

165. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RAMP 2007-RZ1 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. At least one full appraisal is obtained for the mortgaged property. Appraisers are either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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.

166. The Prospectus also stated:

> 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 above, currently supports, except with respect to Home Loans, and is anticipated to support in the future, the outstanding loan balance.

167. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	99.56%	109.2%
Percentage of Collateral Loans with LTV of Greater than 100%	3.54% (71 loans)	42.62% (672 loans)

168. In total, 36% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 39% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

169. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(17) RASC 2006-EMX6

170. The Prospectus Supplement for the RASC 2006-EMX6 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 83.09%. It also represented that only 1,403 Mortgage Loans would have an LTV above 90%, which was 15.61% of the collateral pool.

171. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RASC 2006-EMX6 represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. Appraisers were either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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.

172. The Prospectus also stated:

> 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 above, currently supports and is anticipated to support in the future the outstanding loan balance.

173. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV/CLTV of the Collateral Loans	83.09%	91.58%

174. In total, 45% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 29% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

175. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

(18) RASC 2007-KS3

176. The Prospectus Supplement for the RASC 2007-KS3 securitization represented that the weighted average LTV ratio of the Mortgage Loans was 82.63%. It also represented that

2,346 of the Mortgage Loans would have an LTV above 90, which was 21.55% of the collateral pool.

177. Additionally, the Offering Materials represented that independent appraisals were obtained for certain of the Mortgage Loans. The Prospectus Supplement for RASC 2007-KS3, RFC represented as follows:

> The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. Appraisers were either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established 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 would 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 may have been based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator.

178. The Prospectus Supplement also stated:

> 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.

179. These representations regarding appraisals were material to MassMutual and other investors because they signaled the reliability of the LTV ratios discussed above. MassMutual's forensic review revealed that these representations were false. The true LTV

ratios for the collateral loans were actually much higher than represented, as shown in the chart below:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Weighted Average LTV of the Collateral Loans	82.63%	92.72%
Percentage of Collateral Loans with LTV of Greater than 90%	21.55% (2,346 loans)	38.96% (2528 loans)

180. In total, 51% of the loans tested were shown to have appraisals that were inflated by 10% or more, and 42% of the loans tested had LTVs that were 10 or more points less than was represented. These results not only demonstrate that the loan statistics in the Offering Materials were false, but also that the representations relating to appraisal practices were false. Independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly from the true values of the appraised properties.

181. The RFC Defendants had full access to the appraisal records and all data relating to the collateral loans. The Underwriter Defendant also had full access to the records and data, along with an affirmative obligation to conduct due diligence to verify the accuracy of the LTV and appraisal representations. Based on these defendants' involvement in originating and securitizing the loans and conducting due diligence, they knew that the estimations of the properties' values bore no relationship to the actual data and characteristics of the properties. They therefore knew that the estimations of the properties' values were not justified, unreasonable, and inaccurate.

VI. MISREPRESENTATIONS ABOUT OWNER-OCCUPANCY STATISTICS REVEALED BY A FORENSIC REVIEW OF THE MORTGAGE LOANS

A. Owner-Occupancy Testing

182. The forensic review commissioned by MassMutual also tested the accuracy of the representations of owner-occupancy in the Offering Materials.

183. Owner-occupancy statistics were material to MassMutual and other investors because high owner-occupancy rates would have made the Certificates safer investments than Certificates backed by second homes or investment properties. Homeowners who reside in mortgaged properties are less likely to default than owners who purchase homes as investments or second homes and live elsewhere.

184. MassMutual's forensic review tested the accuracy of the representations of owner-occupancy in the Offering Materials. To determine whether a given borrower actually occupied the property as claimed, MassMutual investigated tax information for the loans. One would expect that a borrower residing at a property would have the tax bills sent to that address, and would take applicable tax exemptions available to residents of that property. If a borrower had his or her tax records sent to another address, that is evidence that that borrower was not actually residing at the mortgaged property. If a borrower declined to make certain tax exemption elections that depend on the borrower living at the property, that also is evidence the borrower was living elsewhere. MassMutual also reviewed: (1) borrower credit records, because one would expect that people have bills sent to their primary address. If a borrower was telling creditors to send bills to another address, even six months after buying the property, that is evidence the borrower was living elsewhere; (2) property records, because it is unlikely that a borrower lives in any one property if in fact that borrower owns multiple properties. It is even more unlikely that the borrower resides at the mortgaged property if a concurrently-owned

separate property did not have its own tax bills sent to the property included in the mortgage pool; and (3) records of other liens, because if the property was subject to additional liens but those materials were sent elsewhere, that is evidence the borrower was not living at the mortgaged property. If the other lien involved a conflicting declaration of residency, that too would be evidence that the borrower did not live in the subject property .

185. If a property fails more than one of the above tests, that is strong evidence the borrower did not in fact reside at the mortgaged property. As described more fully in Section VI.B below, the results of MassMutual's loan-level analysis of true owner-occupancy rates on the mortgage loans underlying its Certificates show that, despite the prospectus representations, a much higher percentage of borrowers did not occupy the mortgaged properties than was represented.

B. Specific Misrepresentations in the Offering Materials.

(1) RALI 2005-QO3

186. The Offering Materials for RALI 2005-QO3 represented that 1190 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 12.9% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1190 of the loans being owner occupied, as represented in the Offering Materials, only 1036 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1190 loans (84.16%)	1036 loans (73.26%)

(2) RALI 2005-QO4

187. The Offering Materials for RALI 2005-QO4 represented that 1836 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 14.4% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1836 of the loans being owner occupied, as represented in the Offering Materials, only 1572 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1836 loans (79.62%)	1572 loans (68.17%)

(3) RALI 2006-QA6

188. The Offering Materials for RALI 2006-QA6 represented that 1624 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 16.5% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1624 of the loans being owner occupied, as represented in the Offering Materials, only 1345 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1624 loans (72.96%)	1345 loans (60.42%)

(4) RALI 2006-QO1

189. The Offering Materials for RALI 2006-QO1 represented that 2292 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 13.2% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 2292 of the loans being owner occupied, as represented in the Offering Materials, only 1989 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	2292 loans (81.65%)	1989 loans (70.86%)

(5) RALI 2006-QO3

190. The Offering Materials for RALI 2006-QO3 represented that 1606 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 10.8% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1606 of the loans being owner occupied, as represented in the Offering Materials, only 1432 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1606 loans (84.66%)	1432 loans (75.49%)

(6) The RALI 2006-QO4 Securitization

191. The Offering Materials for RALI 2006-QO4 represented that 2084 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 13.5% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 2084 of the loans being owner occupied, as represented in the Offering Materials, only 1803 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	2084 loans (84.37%)	1803 loans (72.98%)

(7) RALI 2006-QO5

192. The Offering Materials for RALI 2006-QO5 represented that 2538 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 11.9% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 2538 of the loans being owner occupied, as represented in the Offering Materials, only 2235 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	2538 loans (85.31%)	2235 loans (75.12%)

(8) RALI 2006-QO6

193. The Offering Materials for RALI 2006-QO6 represented that 3124 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 14.4% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 3124 of the loans being owner occupied, as represented in the Offering Materials, only 2673 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	3124 loans (85.57%)	2673 loans (73.21%)

(9) RALI 2006-QO9

194. The Offering Materials for RALI 2006-QO9 represented that 2141 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 15.3% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 2141 of the loans being owner occupied, as represented in the Offering Materials, only 1813 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	2141 loans (83.86%)	1813 loans (71.05%)

(10) RALI 2007-QH6

195. The Offering Materials for RALI 2007-QH6 represented that 1282 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 18.4% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1282 of the loans being owner occupied, as represented in the Offering Materials, only 1046 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1282 loans (82.76%)	1046 loans (67.53%)

(11) RAMP 2005-RZ1

196. The Offering Materials for RAMP 2005-RZ1 represented that 1184 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 9.6% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1184 of the loans being owner occupied, as represented in the Offering Materials, only 1070 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1184 loans (85.86%)	1070 loans (77.59%)

(12) RAMP 2006-EFC2

197. The Offering Materials for RAMP 2006-EFC2 represented that 2267 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 9.3% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 2267 of the loans being owner occupied, as represented in the Offering Materials, only 2056 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	2267 loans (93.48%)	2056 loans (84.78%)

(13) RAMP 2006-RS4

198. The Offering Materials for RAMP 2006-RS4 represented that 3989 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 8.9% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 3989 of the loans being owner occupied, as represented in the Offering Materials, only 3634 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	3989 loans (75.43%)	3634 loans (69.72%)

(14) RAMP 2006-RS6

199. The Offering Materials for RAMP 2006-RS6 represented that 933 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 13.3% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 933 of the loans being owner occupied, as represented in the Offering Materials, only 809 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	933 loans (57.7%)	809 loans (50.03%)

(15) RAMP 2006-RZ3

200. The Offering Materials for RAMP 2006-RZ3 represented that 3683 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 8.3% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 3683 of the loans being owner occupied, as represented in the Offering Materials, only 3375 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	3683 loans (80.13%)	3375 loans (73.43%)

(16) RAMP 2007-RZ1

201. The Offering Materials for RAMP 2007-RZ1 represented that 1460 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 10.8% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 1460 of the loans being owner occupied, as represented in the Offering Materials, only 1302 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	1460 loans (76.68%)	1302 loans (68.38%)

(17) RASC 2006-EMX6

202. The Offering Materials for RASC 2006-EMX6 represented that 3871 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 11.9% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 3871 of the loans being owner occupied, as represented in the Offering Materials, only 3410 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	3871 loans (95.34%)	3410 loans (83.99%)

(18) RASC 2007-KS3

203. The Offering Materials for RASC 2007-KS3 represented that 7615 of the Mortgage Loans were for primary residences, i.e. owner-occupied properties. In MassMutual's subsequent loan-level analysis, however, 12.9% of the Mortgage Loans reported to be owner-occupied failed multiple tests for owner occupancy. Thus, as shown in the chart below, instead of 7615 of the loans being owner occupied, as represented in the Offering Materials, only 6785 were:

	As Represented in the Offering Materials	Actual Values Per Forensic Review
Number of Loans Covering Primary Residences	7615 loans (93.20%)	6785 loans (83.04%)

VII. LIABILITY OF THE SPONSOR, DEPOSITORS, AND UNDERWRITERS AS SELLERS OF SECURITIES TO MASSMUTUAL

204. The defendants that qualify as sellers of securities under the Massachusetts Uniform Securities Act are the Sponsor (Residential Funding), Depositors (RALI, RAMP, and RASC), and Underwriters (Residential Funding and UBS). Each of these is primarily liable for misrepresentations in the Offering Materials under Massachusetts General Laws, Chapter 110A, Section 410(a)(2).

205. As the Sponsor for the securitizations at issue, Residential Funding originated or acquired the mortgage loans that were pooled together in the securitizations, and then sold, transferred, or otherwise conveyed title to those loans to the Depositors. Residential Funding had responsibility for preparing the Offering Materials that were used to solicit purchases of the Certificates, and was identified as the Sponsor or Seller on the Prospectuses and Prospectus Supplements. Residential Funding profited from the sales of the Certificates.

206. As the Depositors for the securitizations at issue, RALI, RAMP, and RASC purchased the mortgage loans from Residential Funding. The Depositors then sold, transferred, or otherwise conveyed the mortgage loans to the Trusts, which held the loans as collateral for the Certificates. The Depositors had responsibility for preparing the Offering Materials that were used to solicit purchases of the Certificates, and were identified on the Prospectuses and Prospectus Supplements. In addition, the Depositors were responsible for registering the offerings with the Securities and Exchange Commission. The Depositors profited from the sales of the Certificates.

207. The Trusts issued the Certificates that were sold to investors, including MassMutual. The Trusts had no autonomy or assets of their own, but were mere agents of the Depositors created for the sole purposes of holding the pools of mortgage loans assembled by the Sponsor and Depositors and issuing the Certificates for sale to the investors.

208. The Sponsor and Depositors used Residential Securities and UBS, among others, as the Underwriters to market and sell the Certificates. The Underwriters were responsible for underwriting and managing the sale of Certificates, including screening the mortgage loans for compliance with the appropriate underwriting guidelines. The Underwriters profited from the sales of the Certificates.

209. The Sponsor, Depositors, and Underwriters successfully solicited MassMutual's purchase of the Certificates at issue. The Underwriters transferred title in the Certificates to MassMutual.

VIII. LIABILITY OF THE REMAINING DEFENDANTS AS CONTROL PERSONS

Bruce Paradis

210. As President of Residential Securities (the Underwriter), Paradis was involved in and controlled the day-to-day affairs of this primary violator. In addition, as President and Chief

Executive Officer of Residential Funding, RALI, RAMP, and RASC, Paradis was involved in and controlled the day-to-day affairs of the Sponsor and Depositors. Paradis also had control over the securitizations at issue, as evidenced by his signature on the registration statements for the following 17 securitizations:

Residential Asset Mortgage Products, Inc. Series 2005-RZ1
Residential Accredit Loans, Inc. Series 2005-QO3
Residential Accredit Loans, Inc. Series 2005-QO4
Residential Accredit Loans, Inc. Series 2006-QO1
Residential Accredit Loans, Inc. Series 2006-QO3
Residential Accredit Loans, Inc. Series 2006-QO4
Residential Accredit Loans, Inc. Series 2006-QO5
Residential Asset Mortgage Products Series 2006-RS4
Residential Accredit Loans, Inc. Series 2006-QO6
Residential Asset Securities Corp. Series 2006-EMX6 Class M9
Residential Accredit Loans, Inc. Series 2006-QA6
Residential Asset Mortgage Products Series 2006-RZ3
Residential Asset Mortgage Products Series 2006-RS6
Residential Asset Mortgage Products, Inc. Series 2006-EFC2
Residential Accredit Loans, Inc. Series 2006-QO9
Residential Asset Mortgage Products, Inc. Series 2007-RZ1
Residential Asset Securities Corp. Series 2007-KS3

Davee Olson

211. As Chief Financial Officer of Residential Funding and RAMP, Olson was involved in the day-to-day financial affairs of these primary violators. Olson also had control over the securitizations at issue, as evidenced by his signature on the registration statements for the following 14 securitizations:

Residential Asset Mortgage Products, Inc. Series 2005-RZ1
Residential Accredit Loans, Inc. Series 2006-QO3
Residential Accredit Loans, Inc. Series 2006-QO4
Residential Accredit Loans, Inc. Series 2006-QO5
Residential Asset Mortgage Products Series 2006-RS4
Residential Accredit Loans, Inc. Series 2006-QO6
Residential Asset Securities Corp. Series 2006-EMX6 Class M9
Residential Accredit Loans, Inc. Series 2006-QA6
Residential Asset Mortgage Products Series 2006-RZ3
Residential Asset Mortgage Products Series 2006-RS6

Residential Asset Mortgage Products, Inc. Series 2006-EFC2
Residential Accredit Loans, Inc. Series 2006-QO9
Residential Asset Mortgage Products, Inc. Series 2007-RZ1
Residential Asset Securities Corp. Series 2007-KS3

David Walker

212. As Chief Financial Office and director of U.S. funding and securitization for Residential Funding Corporation's parent, Walker was intimately involved with the securitization strategy for the enterprise. Walker used his knowledge of securitizations at RALI and RAMP when he served as an inside director of those companies. Walker also had control over the securitizations at issue, as evidenced by his signature on the registration statements for the following 4 securitizations:

Residential Asset Mortgage Products, Inc. Series 2005-RZ1
Residential Accredit Loans, Inc. Series 2005-QO3
Residential Accredit Loans, Inc. Series 2005-QO4
Residential Accredit Loans, Inc. Series 2006-QO1

Kenneth Duncan

213. As Acting Chief Financial Officer of each of Residential Funding, RALI, RAMP, and RASC, Duncan was involved in the day-to-day financial affairs of these primary violators. Duncan also had control over the securitizations at issue, as evidenced by his signature on the registration statements for the following 16 securitizations:

Residential Accredit Loans, Inc. Series 2005-QO3
Residential Accredit Loans, Inc. Series 2005-QO4
Residential Accredit Loans, Inc. Series 2006-QO1
Residential Accredit Loans, Inc. Series 2006-QO3
Residential Accredit Loans, Inc. Series 2006-QO4
Residential Accredit Loans, Inc. Series 2006-QO5
Residential Asset Mortgage Products Series 2006-RS4
Residential Accredit Loans, Inc. Series 2006-QO6
Residential Asset Securities Corp. Series 2006-EMX6 Class M9
Residential Accredit Loans, Inc. Series 2006-QA6
Residential Asset Mortgage Products Series 2006-RZ3
Residential Asset Mortgage Products Series 2006-RS6

Residential Asset Mortgage Products, Inc. Series 2006-EFC2
Residential Accredit Loans, Inc. Series 2006-QO9
Residential Asset Mortgage Products, Inc. Series 2007-RZ1
Residential Asset Securities Corp. Series 2007-KS3

Ralph Flees

214. As Controller and Principal Accounting Officer of each of RALI, RAMP, and RASC, Flees was involved in the day-to-day financial affairs of these primary violators. Flees also had control over the securitizations at issue, as evidenced by his signature on the registration statements for the following 17 securitizations:

Residential Accredit Loans, Inc. Series 2005-QO3
Residential Accredit Loans, Inc. Series 2005-QO4
Residential Accredit Loans, Inc. Series 2006-QO1
Residential Accredit Loans, Inc. Series 2006-QO3
Residential Accredit Loans, Inc. Series 2006-QO4
Residential Accredit Loans, Inc. Series 2006-QO5
Residential Asset Mortgage Products Series 2006-RS4
Residential Accredit Loans, Inc. Series 2006-QO6
Residential Asset Securities Corp. Series 2006-EMX6 Class M9
Residential Accredit Loans, Inc. Series 2006-QA6
Residential Asset Mortgage Products Series 2006-RZ3
Residential Asset Mortgage Products Series 2006-RS6
Residential Asset Mortgage Products, Inc. Series 2006-EFC2
Residential Accredit Loans, Inc. Series 2006-QO9
Residential Asset Mortgage Products, Inc. Series 2007-RZ1
Residential Asset Securities Corp. Series 2007-KS3
Residential Accredit Loans, Inc. Series 2007-QH6

James Jones

215. As President and Chief Executive Officer of RALI, Jones was involved in the day-to-day affairs of a primary violator. Jones also had control over the securitizations at issue, as evidenced by his signature on the following registration statement:

Residential Accredit Loans, Inc. Series 2007-QH6

David Bricker

216. As Chief Financial Officer of RALI, Bricker was involved in the day-to-day financial affairs of a primary violator. Bricker also had control over the securitizations at issue, as evidenced by his signature on the following registration statement:

Residential Accredit Loans, Inc. Series 2007-QH6

FIRST CAUSE OF ACTION
(Primary Violations of the Massachusetts Uniform Securities Act)

217. MassMutual incorporates by reference and realleges each and every allegation as set forth above in paragraphs 1 through 216 as if fully set forth herein.

218. Under Massachusetts General Laws, Chapter 110A, Section 410(a)(2), any person who "offers or sells a security by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading," is liable to the purchaser of the security.

219. The Sponsor (Residential Funding), Depositors (RALI, RAMP, and RASC), and Underwriters (Residential Securities and UBS) qualify as sellers of the Certificates because they issued, marketed, and/or sold the Certificates to the public for their own financial benefit.

220. The Sponsor, Depositors, and Underwriters offered to sell and sold the Certificates in the State of Massachusetts.

221. The Sponsor, Depositors, and Underwriters offered and sold the Certificates to MassMutual by means of false and misleading statements of material fact and omissions of material facts necessary to make the statements made not misleading.

222. As set forth in more detail in paragraphs 43 to 203 above, the public statements of the Sponsor, Depositors, and Underwriters, including in the Offering Materials, were materially false and misleading because, among other things, they misrepresented the underwriting

standards applied to the mortgage loans backing the Certificates, misrepresented the LTV and appraisal information for the loans, and misrepresented the owner-occupancy information for the loans.

223. MassMutual did not know, and in the exercise of due diligence could not have known, of the untruths and omissions.

224. MassMutual will elect its remedy before the entry of judgment. For each Certificate, MassMutual will seek statutory damages, including interest, or will make or arrange a tender before entry of judgment.

SECOND CAUSE OF ACTION
(Joint and Several Liability Under the Massachusetts Uniform Securities Act)

225. MassMutual incorporates by reference and realleges each and every allegation as set forth above in paragraphs 1 through 224 as if fully set forth herein.

226. Under Massachusetts General Laws, Chapter 110A, Section 410(b), "[e]very person who directly or indirectly controls a seller liable under subsection (a), every partner, officer, or director of such a seller, [and] every person occupying a similar status or performing similar functions" is liable jointly and severally with and to the same extent as the seller.

227. As set forth above, the Sponsor (Residential Funding), the Depositors (RALI, RAMP, and RASC), and the Underwriters (Residential Securities and UBS) are liable as sellers under subsection (a).

228. Defendant Bruce Paradis is jointly and severally liable to the same extent as the primary violators because he was an officer of one or more primary violators and controlled their operations, including the securitizations at issue.

229. Defendant Davee Olson is jointly and severally liable to the same extent as the primary violators because he was an officer and/or director of one or more primary violators and controlled their operations, including the securitizations at issue.

230. Defendant David Walker is jointly and severally liable to the same extent as the primary violators because he was an inside director of one or more primary violators and controlled their operations, including the securitizations at issue.

231. Defendant Kenneth Duncan is jointly and severally liable to the same extent as the primary violators because he was an officer of one or more primary violators and controlled their operations, including the securitizations at issue.

232. Defendant Ralph Flees is jointly and severally liable to the same extent as the primary violators because he was an officer of one or more primary violators and controlled their operations, including the securitizations at issue.

233. Defendant James Jones is jointly and severally liable to the same extent as the primary violators because he was an officer of one or more primary violators and controlled their operations, including the securitizations at issue.

234. Defendant David Bricker is jointly and severally liable to the same extent as the primary violators because he was an officer of one or more primary violators and controlled their operations, including the securitizations at issue.

PRAYER FOR RELIEF

WHEREFORE MassMutual prays for relief as follows:

1. On the first cause of action, for primary violations of the Massachusetts Uniform Securities Act, relief in the form of damages and/or statutory recovery upon tender;

2. On the second cause of action, for joint and several liability under the Massachusetts Uniform Securities Act, relief in the form of damages and/or statutory recovery upon tender; and

3. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Pursuant to Federal Rule of Civil Procedure 38(b), MassMutual hereby demands a trial by jury on all issues triable by jury.

DATED: February 29, 2012 EGAN, FLANAGAN AND COHEN, P.C.

By: /s/ Edward J. McDonough Jr.

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Exhibit 18

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 5344, filed by AIG, on Nov. 14, 2012

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTHERN DISTRICT OF NEW YORK

PROOF OF CLAIM

RECEIVED
NOV 14 2012
KURTZMAN CARSON CONSULTANTS

Name of Debtor:	Case Number:
Residential Accredit Loans, Inc.	12-12052

NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property):
AIG Securities Lending Corporation

COURT USE ONLY

Name and address where notices should be sent:

AIG Securities Lending Corporation
c/o AIG Asset Management (U.S.) LLC
80 Pine Street, 4th Floor, New York, New York 10005, attn: Timothy A. Greensfelder
Telephone number: (212) 770-7000 email:Timothy.Greensfelder@AIG.com

☐ Check this box if this claim amends a previously filed claim.
Court Claim Number: _____
(If known)

Filed on:

Name and address where payment should be sent (if different from above):

Same

☒ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: not less than $166,545,328.48
If all or part of the claim is secured, complete item 4.
If all or part of the claim is entitled to priority, complete item 5.
☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: See Attachment A, Appendix I, Schedule I, and Schedule II
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:** (See instruction #3a)	**3b. Uniform Claim Identifier (optional):** (See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:
$_____

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Basis for perfection: _____

Value of Property: $_____

Amount of Secured Claim: $_____

Annual Interest Rate _____% ☐ Fixed or ☐ Variable
(when case was filed)

Amount Unsecured: $_____

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5)

Amount entitled to priority:
$_____

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. § 507(a)(_).

**Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*



6. **Credits.** The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. **Documents:** Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. *(See instruction #7, and the definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

RECEIVED
NOV 14 2012
KURTZMAN CARSON CONSULTANTS

8. Signature: (See instruction #8)

Check the appropriate box.

☐ I am the creditor. ☒ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Timothy Greensfelder
Title: Authorized Signatory
Company: AIG Securities Lending Corporation
Address and telephone number (if different from notice address above):

(Signature) (Date) 11/9/12

Telephone number: email:

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).
If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name

Attachment A

Attachment A

to proof of claim of AIG SECURITIES LENDING CORPORATION against RESIDENTIAL ACCREDIT LOANS, INC., Case No. 12-12052 (MG)

Introduction

1. On May 14, 2012 (the "Petition Date"), Residential Capital, LLC ("ResCap") and its affiliated debtors and debtors in possession in the above-referenced cases (collectively, including the Debtor (as defined below), the "ResCap Debtors") each filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for Southern District of New York (the "Bankruptcy Court"), commencing cases that have been consolidated in Case No. 12-12020 (MG) (the "Bankruptcy Cases").

2. AIG Securities Lending Corporation ("Claimant") hereby asserts against Residential Accredit Loans, Inc. (the "Debtor") direct fraud claims that arise from misrepresentations in offering materials related to Claimant's purchase of two residential mortgaged-backed securities ("RMBS") in 2005–2007 issued by non-Debtor securitization trusts formed by, but not affiliated with, the ResCap Debtors. A list of the RMBS is annexed hereto as Schedule I. Claimant has suffered significant damages as a result of the purchase of these RMBS, and asserts a general unsecured, non-subordinated claim against the Debtor of not less than $166,545,328.48, based on the Debtor's role as a sponsor, seller and/or originator of the loans sold to the trusts that issued the RMBS. Details regarding the specific misrepresentations and omissions giving rise to Claimant's claims are set forth in the materials annexed hereto as Appendix I. In addition, Claimant asserts a claim against the Debtor for (a) accrued and unpaid

prepetition interest in an amount to be determined, (b) accrued and unpaid postpetition interest in an amount to be determined, and (c) postpetition interest accruing after the filing of this proof of claim (including the cover sheet, all exhibits, attachments, schedules and appendices, this "Proof of Claim").

3. In calculating the principal amount of this Proof of Claim, the claims set forth herein are not subject to any setoff, counterclaim or right of recoupment.

4. Claimant has not yet filed a complaint against the Debtor and no judgment has been rendered in respect of the claims asserted in this Proof of Claim. Together with American International Group, Inc.("AIG") and its affiliates (collectively, including the Claimant, the "AIG Entities"), Claimant has undertaken substantial diligence to establish the strength and amount of its claims against the Debtor.

Basis for the Claim

5. In order to identify evidence of material misrepresentations in connection with the RMBS offered and sold to the Claimant, the AIG Entities undertook an investigation that relied on the following sources:

a. Interviews of former employees of Ally Financial Inc. ("Ally"), its subsidiaries (including the ResCap Debtors) and others with first-hand knowledge of the practices utilized by the ResCap Debtors and Ally;

b. Re-underwriting of loan files;

c. The public record developed by the Financial Crisis Inquiry Commission, government investigations, the media, other investors, borrowers and other third parties regarding undisclosed, company-wide departures from underwriting standards; and

d. An analysis of the mortgage pools for each RMBS based on public data that confirmed that the ResCap Debtors' deviations from disclosed underwriting practices materially impacted AIG's RMBS portfolio.

6. Between 2005 and 2007, the ResCap Debtors fraudulently induced the AIG Entities to invest in some 45 residential mortgage-backed securities at a price of over $3 billion. Purchase and loss information for these 45 RMBS is annexed hereto as Schedule II. Driven by a single-minded desire to increase their share of the lucrative RMBS market and the considerable profits generated by it, the Debtor and the other ResCap Debtors created and marketed RMBS backed by hundreds of thousands of mortgages that did not meet the quality standards reflected in the Offering Materials for those securities.

7. Claimant purchased certificates in the RMBS in reliance on information jointly prepared, vetted, authorized, and distributed by, among others, the sponsor, depositor, and underwriters. This information is contained in draft and final term sheets, prospectuses and prospectus supplements, presentations, customized spreadsheets, registration statements, and other materials (the "Offering Materials"). The Offering Materials used to sell the RMBS falsely claimed that the mortgages had been issued pursuant to rational, objective underwriting guidelines that would assess each borrower's ability to pay and the market value of the underlying properties. In addition, the ResCap Debtors made similar representations to the Claimant, both orally and in writing, when the Claimant conducted its own diligence of the ResCap Debtors' loan underwriting processes.

8. In reality, the loan originators, including certain of the ResCap Debtors, encouraged borrowers to falsify loan applications, pressured property appraisers to inflate home values, ignored obvious red flags in the underwriting process, and induced third-party loan

originators to do the same. Unbeknownst to and hidden from investors like the Claimant, the stated underwriting guidelines had been replaced by an undisclosed governing principle: the ResCap Debtors would originate or acquire any loan that could be sold to RMBS trusts and then pass the risk on to third-party investors like the Claimant through RMBS structures, no matter how risky the loan.

9. The Offering Materials also fraudulently misrepresented and concealed the actual credit quality of the mortgages by providing false quantitative data about the loans, thus masking the true credit risk of the investments. As the ResCap Debtors knew, the quality and value of the RMBS they were offering for sale depended on the credit quality of the mortgage loans underlying the RMBS. Investors like the Claimant assessed the risk of investing in RMBS based on quantitative, risk-related metrics regarding the loans backing the RMBS such as loan-to-value ("LTV") ratios, combined loan-to-value ("CLTV") ratios, and owner-occupancy statistics. These metrics are used to assess a borrower's ability to repay a loan as well as the likelihood of repayment. For investors, they are important measures of anticipated default rates and possible foreclosure recoveries in the mortgage pools. In the Offering Materials for every one of the RMBS at issue, the ResCap Debtors materially misrepresented this critical information and thus significantly understated the credit risk of the mortgage loans that backed these securities.

10. The ResCap Debtors' employed their misrepresentations not only to induce the Claimant to invest in RMBS backed by shoddy loans, but also to engineer unduly positive credit ratings for these securities. The ResCap Debtors knew that investors like the Claimant required RMBS to meet stringent credit ratings criteria, and thus duped the rating agencies into rating the senior tranches of these securities AAA. The ResCap Debtors achieved this result by giving the rating agencies the same misrepresented data about loan characteristics and underwriting

guidelines that they provided to the Claimant. The rating agencies analyzed the RMBS performance based on this data which grossly understated the risks of the collateral pools. The ResCap Debtors then marketed the RMBS with the inflated ratings and misrepresented in the Offering Materials that the artificially high ratings were an accurate measure of their credit quality.

11. The Claimant reviewed and relied on the ResCap Debtors' misleading misrepresentations about embellished underwriting practices, loan characteristics, and credit ratings. Had it known the truth, the Claimant would not have purchased these securities. As a result of these purchases, the Claimant lost $166,545,328.48, and the AIG Entities lost over $1.168 billion.

Additional Evidence of Systemic Abandonment of Underwriting Guidelines

12. Confidential interviews of former employees of the ResCap Debtors conducted by the AIG Entities prior to the filing of this Proof of Claim, as well as government investigations and documents recently made public, demonstrate that during the subprime lending gold-rush years of 2004 to 2007, each of the ResCap Debtors competed fiercely to increase their market share and ratchet up profits from RMBS. In the process, the ResCap Debtors brought to market and sold to the AIG Entities dozens of RMBS collateralized by loan pools that did not come close to satisfying the underwriting guidelines touted in the Offering Materials.

13. Former employees of the ResCap Debtors confirmed that the ResCap Debtors compromised underwriting integrity for the sake of fueling their profit machine. For example, a former senior underwriter at a ResCap originator subsidiary, GMAC Mortgage, LLC ("GMAC Mortgage") recalled that if a competitor introduced a new product with more lenient underwriting guidelines and documentation requirements, GMAC Mortgage would match that product—even if that product violated the ResCap Debtors' underwriting guidelines. In the

California-Arizona-Hawaii region, where GMAC Mortgage aggressively competed with subprime lender Countrywide Financial Corporation ("Countrywide"), GMAC Mortgage matched Countrywide's underwriting practices—the very practices that have been denounced by federal investigators, condemned by the New York Attorney General as "persistent illegality in the conduct of business," and forced Bank of America to offer Countrywide's RMBS investors billions of dollars to settle representation and warranty claims. "We wanted to be number one," the underwriter recalled, and so "we did what Countrywide did."

14. This volume-oriented mentality dominated the ResCap Debtors' origination and securitization practices and led the ResCap Debtors systemically to abandon their stated underwriting guidelines.

15. A primary vehicle for the ResCap Debtors' fraudulent conduct was the manipulation of AssetWise, their automated underwriting program that provided initial loan approvals. For example:

- The ResCap Debtors reprogrammed AssetWise to approve loans that should have been rejected pursuant to the stated underwriting standards. Among other things, the ResCap Debtors programmed AssetWise to accept dated credit reports—a practice that a former Residential Funding Company, LLC ("RFC") director called possibly "the single worst risk policy implemented in the history of RFC."

- According to a former senior underwriter for GMAC Mortgage, on the rare occasion that AssetWise ultimately rejected a loan, the ResCap Debtors' underwriters reviewed the application to determine whether it could be "tweaked" enough to allow approval. The underwriter explained that ***"there were ways to get any loan approved" and her job was "to make a loan look to be a much prettier package" than it really was***. (Emphasis added.)

- The ResCap Debtors went so far as to train outside mortgage brokers on how to circumvent underwriting requirements by manipulating the borrower data entered into AssetWise. The ResCap Debtors coached brokers on such techniques as "run[ning] [a loan] through [AssetWise] a number of times ***with different data*** until it got an approval." According to a former account executive at ResCap Debtor Homecomings Financial, LLC ("Homecomings") and GMAC Bank (n/k/a Ally Bank), "***there were brokers running [AssetWise] twenty-five times for the same borrower***." (Emphasis added.)

- According to the account executive, manipulation of the borrowers' data in AssetWise "was sanctioned behavior;" Homecomings' senior management "fostered this culture of having the AssetWise training person be complicit with [brokers] to manipulate data to produce a positive result." As the account executive told AIG, "[t]his was a huge problem for Homecomings and RFC because ***we were essentially training the brokers to manipulate, manipulate, manipulate, to produce a positive result***." (Emphasis added.)

16. But the ResCap Debtors' heedless attempts to expand their mortgage origination business extended far beyond AssetWise. Despite representations to the contrary to the AIG Entities and other investors, the ResCap Debtors ensured that their employees found a way to approve every loan possible, regardless of stated underwriting guidelines. For example:

- A former senior mortgage underwriter at GMAC Mortgage reported that underwriters were constantly pushed to "loosen up on the underwriting." After warning her manager of the risks of doing so, her manager told her "***don't be such a hard ass***" and pressured her to just "***make deals work***." (Emphasis added.)

- The ResCap Debtors' management pressured its underwriters to underwrite loans with appraisals that were obviously inflated. For example, a former underwriter at GMAC Mortgage recalled one instance, in which managers pressured the underwriter to approve an appraisal for a Florida home that was located on a canal, but was appraised as "beachfront" property.

- The ResCap Debtors' quality control employees knew that borrowers routinely lied on their applications, but were told "to accept" the stated income even if the figure was obviously inflated. Even when fellow underwriters identified such misrepresentations, they often "***didn't have a choice***"—"short of walking out"—but to approve the application. A former quality control supervisor at ResCap's originator subsidiary Homecomings similarly confirmed that Homecomings "gave a lot of loans they shouldn't have," adding that stated income loans "***were all lies***."

- The Homecomings / GMAC Bank account executive also told AIG that even when underwriters recognized that a resubmitted loan application was falsified, they felt "trapped by [management's] guidelines."

17. Not satisfied with the volume of loans flowing from the ResCap Debtors' origination business, the ResCap Debtors significantly increased their purchases of loans from third-party originators. Knowing that the risk of default on the loans would be transferred to investors such as the AIG Entities once the loans were placed in securitizations, the ResCap

Debtors purchased loans regardless of their quality. The ResCap Debtors conducted due diligence on only a small percentage of the purchased loans, and when they discovered that a loan violated underwriting guidelines, they purchased the loan anyway to maintain a "better relationship" with the third-party originators that provided a ready source of mortgage loans.

18. According to former employees of Clayton Holdings ("Clayton"), a company that performed due diligence review on loans for the ResCap Debtors' securitizations, the ResCap Debtors knowingly securitized loans that did not comply with the stated underwriting guidelines. For example, a former Clayton underwriter told the AIG Entities that she observed a GMAC representative override Clayton's determination that certain loans were not suitable for securitization because the loans violated underwriting guidelines. The underwriter also recalled at least one occasion when the ResCap Debtors ***instructed Clayton to delete information in loan files***.

19. The ResCap Debtors knew that the loans they were originating, purchasing, and securitizing did not conform to the representations made to investors. In fact, a former director and mortgage-backed securities trader at ResCap's securitization arm, Residential Securities, described the ResCap Debtors' RAMP-series securitizations ("RAMP") as the "kitchen sink, the sausage" because RAMP securitizations pooled the riskiest of nonprime mortgages originated as exceptions to underwriting guidelines. However, in the Offering Materials for the RAMP securities, the ResCap Debtors claimed that they analyzed the creditworthiness of the mortgagor, the income sufficiency of the mortgagor's projected family income relative to the mortgage payment and to other fixed obligations, and the adequacy of the mortgaged property to serve as the collateral for the loan. Relying on the ResCap Debtors' representations, the AIG Entities

invested in 10 of these offerings, not knowing they were the "sausage," at a total price of $720 million.

20. Before filing this proof of claim, the AIG Entities conducted an exhaustive forensic investigation of the loan pools underlying the RMBS it purchased to determine the extent of the ResCap Debtors' misconduct. Without direct access to nearly all of the underlying loan files, the AIG Entities reasonably relied on publicly available data regarding the mortgage pools to test Ally's representations of LTV, CLTV, and owner-occupancy. The AIG Entities selected sample loans from each RMBS transaction for which data was available, in total, over 25,000 loans.[1] Through this process, the AIG Entities tested LTV and CLTV representations by obtaining a retroactive appraisal using historical data about the value of the properties underlying the mortgages in the pools. This is known as an automated valuation model, or an AVM analysis. Using that methodology, the AIG Entities were able to calculate the actual LTV and CLTV for each tested loan, and then compare that to the LTV and CLTV disclosed for that loan on the mortgage pool's loan tape. By testing the statistics as to the individual loans, the AIG Entities were able to test the accuracy of the appraisal-based representations in the Offering Materials about the overall loan pool.

21. To assess whether homes were owner-occupied as represented in the Offering Materials, the AIG Entities undertook several different verification methods based on analysis of public records, such as tax records, property records, lien records, and other public property information. For example, a person occupying a house will likely sign up for utilities in his or her name at the address, or will have property tax bills sent to the address. If a borrower never obtains power or water service in his or her name at a home's address, or has property tax

[1] This analysis was not available to the AIG Entities at the time they purchased the RMBS at issue. It was not until 2009 and 2010 that the vendor developed a technology to conduct the analysis that the AIG Entities subsequently performed.

documents sent to another residential address, it is likely that the home was purchased as an investment property. In order to be conservative, the AIG Entities only considered a loan to have an owner-occupancy breach if it failed multiple tests of home ownership.

22. The results of the AIG Entities' forensic investigation are startling.

- *The ResCap Debtors dramatically understated LTV and CLTV ratios.* On average, 31% of the sampled loans actually had LTV ratios more than 10 percentage points higher than what was represented to AIG. Similarly, on average, 42.8% of the sampled loans actually had CLTV ratios more than 10 percentage points higher than what was represented to AIG.

- *In almost every RMBS, the ResCap Debtors falsely represented that not a single mortgage had an LTV ratio above 100%.* In fact, on average, 19.2% of the mortgage loans in the sampled mortgage pools had LTV ratios above 100%, meaning the loans exceeded the value of the mortgaged properties themselves and were "underwater" from the date of origination.

- *The ResCap Debtors grossly misrepresented the properties backing the mortgages as owner-occupied.* It is a well known fact in the mortgage industry that loan default rates on owner-occupied homes are much lower than second homes or investment properties. On average, the ResCap Debtors overstated owner occupancy by 12%.

- The ResCap Debtors' misrepresentations in the Offering Materials were based on false metrics in a staggering 34.84% of the sampled loans. Of the 38,122 loans tested, 13,283 were inconsistent with one or more of the ResCap Debtors' metrics by 10 percentage points or more.

23. The enormity of these numbers demonstrates that the ResCap Debtors were engaged in a massive scheme to manipulate and deceive investors in RMBS issued by the trusts, including Claimant, who justifiably relied on the lies and omissions of the ResCap Debtors in the Offering Materials. Deal-level results are set forth in the materials annexed hereto as Appendix I.

24. The systematic misrepresentations regarding LTV, CLTV, and owner-occupancy revealed by the forensic analysis demonstrate that the loans contained in the ResCap Debtor pools were the product of a wholesale abandonment of stated underwriting guidelines and

applicable industry standards for prudent mortgage lending. And these forensic results target only a subset of the representations that the ResCap Debtors made regarding the quality of the loan pools. A myriad of other key factors that further address the integrity (or lack thereof) of the ResCap Debtors' loan underwriting and RMBS securitization and sale processes were also the subject of representations by the ResCap Debtors that can only be scrutinized by reviewing the actual loan files to assess the basis on which loans were granted.

25. When the AIG Entities obtain those files, an in-depth loan file review will undoubtedly uncover even more misrepresentations. Indeed, the AIG Entities were able to obtain and review a sample of 100 loan files for one RMBS where the ResCap Debtors served as depositor, sponsor, and originator, RFMS2 2007-HSA2. The results of the review show that ***over 90% of the loans did not comply with underwriting guidelines***. The AIG Entities' review revealed glaring examples of the abandonment of underwriting guidelines:

- ***Misrepresentation of Ability To Repay***. Based on the monthly debt obligation of $11,632, one borrower would have had to earn a monthly income of $26,350 in order to maintain a reasonable debt-to-income ("DTI") ratio. On the loan application, the borrower stated that he was self-employed as a truck driver for three years, making the stated income unreasonable. A post-closing tax return verified that the borrower only earned $1,668 per month in 2006.

- ***Misrepresentation of Occupancy***. The applicable guidelines required that the borrower occupy a subject property, but in one instance observed by AIG, the loan file contained the homeowner's insurance declaration page which reflected that the borrower had obtained ***landlord protection*** coverage on the subject property. The loan file also contained a Preliminary Change of Ownership Report, dated three months prior to the subject loan closing, which declared that the subject property was not intended as a principal residence.

- ***Failure To Determine Reasonable Ability To Repay.*** In order to maintain a reasonable DTI of 45%, the borrower on the file reviewed would have had to be earning a monthly income of $33,000. The borrower listed his employment as general manager of a martial arts business, a position he had held for the prior 22 years. According to the credit report issued at origination, the borrower had only one revolving line of credit with a limit of $2,232—88% of which was drawn upon. The report also showed an unpaid judgment of $4,500 had been levied

against the borrower. Despite these red flags, there is no evidence that the underwriter assessed the borrower's ability to manage a monthly debt of $14,588.

- ***Misrepresentation of Employment.*** A borrower claimed to be self-employed as the owner of catering company where she was earning $15,687 per month and also as a supervisor for a government contracting corporation where she was earning $7,515 per month. The borrower claimed to have been operating both business for the past six years, which would have required her to have started the businesses at age 19. The borrower's credit report did not support her claim that she was operating her own successful business venture but reflected only five small active revolving accounts. Additionally, although the loan was issued for purchase of an owner-occupied single-family residence, the borrower's homeowners' insurance provided coverage to her as a landlord and listed the property as an investment.

26. The results of the AIG Entities' loan-file review are confirmed by the results that MBIA reached in its review of Ally loan files in a similar case. As pled in its complaints, MBIA found a breach rate of 88% across a sample of 12,104 loans, corroborating the AIG Entities' findings and affirming the Investors' expectation that similar misrepresentations pollute all of the Ally loan pools at issue in these proceedings. *See MBIA Ins. Corp. v. Residential Funding Co., LLC*, No. 603552-2008 (N.Y. Sup. Ct. N.Y. Cty. Mar. 19, 2010) (First Amended Complaint); *MBIA Ins. Corp. v. GMAC Mort., LLC*, No 600837-2010 (N.Y. Sup. Ct. N.Y. Cty. Jun. 14, 2010) (Summons and Complaint).

27. In purchasing the certificates, the Claimant, received, reviewed, and justifiably relied on the ResCap Debtors' false representations and omissions of material fact detailed above, including the misstatements and omissions in the Offering Materials, which described in detail the mortgage loans underlying each offering. Indeed, the data provided to the Claimant concerning the credit quality of the loans in the collateral pool—such as the LTV ratios which were drastically and systematically understated, and the owner-occupancy percentages which were substantially inflated—were key metrics, which the Claimant scrutinized in buying the RMBS. Similarly, the Claimant relied on the ResCap Debtors' adherence to underwriting

guidelines because they gave the Claimant (what turned out to be false) comfort that robust criteria were in place for loan issuance. The Offering Materials provided to the Claimant uniformly omitted that underwriting guidelines had been abandoned. The Claimant also relied on the disclosed ratings for each RMBS as the AIG Entities' policies required certain credit ratings as a criteria for investment. For example, AIG's securities lending cash collateral investment policy required that 95% of its asset-backed securities investments (which included RMBS) be invested only in transactions rated AAA/Aaa. Had the rating agencies received accurate information from the ResCap Debtors concerning the credit characteristics of these securities, the securities would have received lower ratings. And if the rating agencies had known that the ResCap Debtors abandoned their stated underwriting guidelines, they would never have given the securities the investment grade ratings they received.

28. In addition, the Claimant conducted its own due diligence before purchasing the certificates. Employees of AIG Investments, the Claimants' investment manager that purchased the RMBS at issue, visited the ResCap Debtors' origination arms on site, and questioned their practices. For example, AIG Investments met with RFC in July 2006, and met with Homecomings in November 2005. At these meetings, the ResCap Debtors continued to provide false assurances about the quality of the same loan underwriting practices that were misrepresented in the Offering Materials, perpetuating the fiction of a rigorous underwriting process. But the Claimants' due diligence did not and could not have uncovered that the ResCap Debtors' representations regarding the credit quality and value of their RMBS were false because the information necessary to make such an assessment was uniquely within the knowledge of the ResCap Debtors. Among other things, the undisclosed criteria the ResCap Debtors used to originate and securitize loans, the ResCap Debtors' communications with the rating agencies,

and the underlying loan files themselves were all uniquely in the possession of the ResCap Debtors. To this day, the Claimant has been unable to access loan files for almost all of the RMBS. The Claimant was therefore reliant on the ResCap Debtors to makes accurate representations regarding the credit quality and value of its investments.

29. But for the misrepresentations and omissions in the Offering Materials, the Claimant would not have purchased or acquired the certificates, because those misrepresentations and omissions were material to its decision to acquire the certificates, as described above. Had the Claimant known that the ResCap Debtors were so drastically departing from their stated underwriting guidelines, and/or engaging in systemic fraud, the Claimant would not have purchased securities containing loans originated by the ResCap Debtors.

30. The materially false and misleading statements of facts and omissions made in the Offering Materials directly and proximately caused the Claimant damage. Contrary to the ResCap Debtors' representations concerning the quality of the loan collateral and their assurances regarding supposedly robust underwriting practices, the loans backing the certificates were made to borrowers who did not have the represented ability or propensity to repay, and on properties that were overvalued and thus carried significantly more risk if and when the loans resulted in foreclosure. As a result, the Claimant purchased securities whose true risks greatly exceeded the represented ones. As such, the Claimant is saddled with securities it never would have purchased, and for which it paid too much and received too little.

31. From the day the Claimant purchased these securities, it suffered damage because it owned certificates backed by defective loans—not the highly rated products represented in the Offering Materials that it believed it was purchasing. As a result of these misrepresentations, the

true value of the certificates on the date of purchase was far lower than the price paid by the Claimant. The value of the certificates is based in part on expected future cashflows. Not surprisingly, when the defective loans experienced unprecedented rates of delinquency, default and foreclosure, the performance and value of the certificates plummeted. The resulting downgrades in the certificate's credit ratings have also rendered the certificates unmarketable at prices anywhere near the prices paid by the Claimant.

32. The Claimant purchased the certificates not only for their income stream, but also with an expectation of possibly reselling the certificates on the secondary market. The Claimant thus viewed market value as a critical aspect of the certificates it purchased. The Claimant incurred substantial losses on the certificates due to a drastic decline in their market value attributable to the ResCap Debtors' misrepresentations which, when disclosed, revealed that the underlying collateral had a substantially higher risk profile than the Claimant was led to believe.

33. Further, the principal and interest payments that the Claimant has received have been significantly less than what the Claimant would have received had the securities not suffered principal losses. Thus the Claimant's losses arise not only from the decline in the market value of their certificates, which has resulted in both realized and unrealized losses, but also from shortfalls in the principal and interest payments to which it was entitled as a Certificateholder. The Claimant's substantial losses in principal and interest payments are a direct result of the poor quality of the collateral underlying the certificates and the high rates of default and delinquency of the mortgage loans.

34. The drastic and rapid loss in value of the Claimant's certificates was primarily and proximately caused by the issuance of loans to borrowers who could not afford them, in contravention of the stated underwriting guidelines touted in the Offering Materials. These rates

of delinquency and default were much higher than expected for securitizations supported by collateral fitting the ResCap Debtors' representations, and much higher than they would have been if the mortgage loans had been properly underwritten.

35. The Claimant's damages cannot be blamed on the recent decline in the U.S. housing market, but rather are due to the ResCap Debtors' wrongdoing. The housing crisis was not an intervening cause but rather a manifestation of the fraud at issue. The ResCap Debtors engaged in a "race to the bottom," abandoning guidelines for the sake of market share, and engaged in unbridled loan origination to fuel their securitization machines. The irresponsible lending practices directly contributed to the housing bubble and ultimately led to its collapse. For example, economists at the University of Michigan and elsewhere have found that the high rates of early delinquency and default, which led to the housing market crash, were caused by a deterioration in the same credit characteristics that were undisclosed to investors—such as misrepresentations about LTV ratios and owner-occupancy. A study conducted by Moody's found a high correlation between false appraisal values and rates of default. (Moody's Approach to Rating US Mortgage-Backed Certificates, December 31, 2008, Moody's Investors Service.) Moreover, the Senate Permanent Subcommittee on Investigations ("SPSI") found that financial institutions like the ResCap Debtors "were not the victims of the financial crisis." Instead, the "billions of dollars in high risk, poor quality home loans" that they originated, sold, and securitized and their "unacceptable lending and securitization practices" were "the fuel that ignited the financial crisis." (SPSI Report, at 4.) The SPSI continued:

> Lenders introduced new levels of risk into the U.S. financial system by selling and securitizing complex home loans with high risk features and poor underwriting. The credit rating agencies labeled the resulting securities as safe investments, facilitating their purchase by institutional investors around the world. … Investment banks magnified the risk to the system by engineering and promoting risky mortgage related structured finance products, and enabling

> investors to use naked credit default swaps and synthetic instruments to bet on the failure rather than the success of U.S. financial instruments. Some investment banks also ignored the conflicts of interest created by their products, placed their financial interests before those of their clients, and even bet against the very securities they were recommending and marketing to their clients. Together these factors produced a mortgage market saturated with high risk, poor quality mortgages and securities that, when they began incurring losses, caused financial institutions around the world to lose billions of dollars, produced rampant unemployment and foreclosures, and ruptured faith in U.S. capital markets.

(SPSI Report, at 12.) In short, "The investment banks that engineered, sold, traded, and profited from mortgage related structured finance products were a major cause of the financial crisis." (SPSI Report, at 11.) As direct contributors to the housing market crash, the ResCap Debtors cannot rely on the crash as an intervening cause of the Claimant's losses.

36. For all of these reasons, the ResCap Debtors are liable to Claimant for common law fraud.

37. None of the trusts that issued the certificates are debtors in the Bankruptcy Cases and none of Claimant's securities are secured or depend on the financial performance of any of the ResCap Debtors. The Claimant is not an equity security holder of the ResCap Debtors; it has no contractual relationship with the ResCap Debtors; it does not hold any of the ResCap Debtors' corporate debt. If the Debtor and the other ResCap Debtors had not misrepresented the nature of the RMBS certificates, the Claimant would not be pursuing direct claims against the Debtor in the Bankruptcy Cases. Because the RMBS certificates do not represent obligations of the ResCap Debtors, the Certificates are "of" the Trusts—not "of" the ResCap Debtors.[2]

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[2] Mortgage-backed securities, including the RMBS at issue in this Claim, are created from pools of mortgage loans. Following the closing of mortgage loans, the loans are transferred to a "sponsor," and again transferred to a "depositor." Here, many of the loans were originated by the ResCap Debtors or their affiliates. The depositor then assigned "to the Trustee for the benefit of the certificateholders without recourse all the right, title and interest . . . in and to the Mortgage Loans." After the loans were deposited in trust, the trusts issued certificates backed by the pool of loans; these certificates entitle the holder to payments from the loan pool. Because it is the flow of cash from the pool of mortgages held by the trust that determines an investor's

38. The Offering Materials stated that the RMBS certificates are only "of" the trusts. The top line of the first page of the prospectus supplements identify the trust as the "Issuing Entity." *See, e.g.*, RALI 2006-QO5 Prospectus Supplement. Confirming that certificateholders do not have any direct contractual relationship with the ResCap Debtors, the front page also states: "The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Corporation, as the sponsor, or any of their affiliates." *Id.* (emphasis added). *See also id.* at 53 ("The certificates do not represent an interest in or an obligation of the depositor."). All of the Offering Materials at issue contain nearly identical confirmations that the RMBS certificates are not "interests in or obligations of" the ResCap Debtors.

39. The ResCap Debtors and the trusts are not affiliates. Specifically, none of the ResCap Debtors hold the voting stock of the trusts, none of the trusts hold the voting stock of the ResCap Debtors, none of the ResCap Debtors operated any trust's business or substantially all of any trust's property under a lease or operating agreement, and none of the trusts operated the business or substantially all of the property of any ResCap Debtor under a lease or operating agreement. Because the trusts are not affiliates of any ResCap Debtor, Claimant's claims set forth in this Proof of Claim are not subject to subordination under Bankruptcy Code section 510(b).

40. Claimant does not waive any right or rights of action that it has or may have against the Debtor, any of the other ResCap Debtors or any other person.

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return, if the underlying mortgages perform, certificate holders will, at best, get their principal returned plus a pre-determined amount of maximum interest. On the other hand, if enough of the underlying borrowers fail to repay their mortgages, certificate holders may get a lower rate of return, and may even lose their principal.

41. By filing this Proof of Claim, Claimant does not submit to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim.

42. This Proof of Claim is not intended to be, and shall not be construed as, (i) an election of remedies, (ii) a waiver of any defaults or (iii) a waiver or limitation of any rights, remedies, claims or interests of Claimant.

43. This Proof of Claim is in addition to any other request for payment or proof of claim filed or to be filed by Claimant in this Bankruptcy Case.

44. This Proof of Claim is made without prejudice to Claimant's rights under the Bankruptcy Code or otherwise, including, but not limited to, the right to vote on any chapter 11 plan or plans of the ResCap Debtors.

45. Claimant reserves the right, in accordance with Court orders and procedures, to amend, modify and/or supplement this Proof of Claim, and/or to file additional claims from time to time as may be necessary or appropriate, including, without limitation, any amendment, modification and/or supplement of the Claim with respect to principal, pre-petition interest, post-petition interest, legal fees and other expenses, or additional obligations acquired by Claimant after the filing of this Proof of Claim.

46. All notices and communications concerning this Proof of Claim should be addressed as follows:

AIG Asset Management (U.S.), L.L.C.
80 Pine Street, 4th Floor
New York, NY 10005
Attn: Timothy Greensfelder

with a copy to:

Scott C. Shelley
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue
New York, NY 10010.

Reservation of Rights

47. Claimant reserves the right to file a request for payment of administrative priority expenses in accordance with 11 U.S.C. §§ 503(b) and 507(a).

48. Claimant reserves the right to file proofs of claim for administrative expenses, other claims entitled to priority, proofs of interest and proofs of claim against other parties, including, but not limited to, other ResCap Debtors.

49. Claimant reserves the right to amend this Proof of Claim, including the right to supplement this Proof of Claim through submission of additional documents supporting its claims and additional documents that may become available after further investigation and discovery.

50. By filing this Proof of Claim, Claimant does not waive, and specifically preserves, its respective procedural and substantive defenses to any claim that may be asserted against Claimant by any of the ResCap Debtors, by any trustee of the ResCap Debtors' estates, by any official committee appointed in these cases or by any other person or entity.

51. The filing of this Proof of Claim shall not constitute: (a) a waiver or release of the rights of Claimant against any of the ResCap Debtors or any other person or property; (b) a waiver of the right of Claimant to contest the jurisdiction of the United States Bankruptcy Court for the Southern District of New York with respect to the subject matter of the claim asserted in this Proof of Claim, any objection or other proceeding commenced with respect thereto or any other proceeding commenced in this case against or otherwise involving Claimant; or (c) an election of remedies or choice of law.

52. This Proof of Claim shall not be deemed to be a waiver of Claimant's rights to: (a) have final orders in noncore matters entered only after *de novo* review by a District Court judge; (b) trial by a jury in any proceeding so triable in these cases or any case, controversy or

proceeding related to these cases; (c) have a District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal; (d) arbitrate existing or future claims or disputes; or (e) any other rights, claims, actions, defenses, set-offs or recoupments to which Claimant is or may be entitled, in law or in equity, all of which rights, claims, actions, defenses, set-offs and recoupments Claimant expressly reserves.

Appendix I

Exhibit: Misrepresentations in the Offering Materials for RALI 2006-QO5

1. **Defendant's Role:** Residential Accredit Loans Inc., Depositor; Residential Funding Corporation, Sponsor; Homecomings Financial Network, Inc., Originator.

2. **Collateral type:** The mortgage pool consists of adjustable-rate mortgage loans with original terms to maturity of not greater than 40 years secured by first liens on one- to four-family residential properties.

3. **Initial number of Mortgage Loans:** 2,975

4. **Registration Statement filing date:** 1/23/2006; **Prospectus Supplement filing date:** 5/31/2006

5. **Untrue and misleading statements about underwriting guidelines in the RALI 2006-QO5 Offering Materials:**

    a. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-63.

    b. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "[T]he 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 . . . . 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 . . . . The adequacy of the mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal . . . ." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-61-62.

    c. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that

"Each mortgage loan at the time it was made complied in all material respects with applicable local, state and federal laws . . . ." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-44.

6. **Untrue and misleading statements about owner occupancy in the RALI 2006-QO5 Offering Materials:**

   a. In the Offering Materials, RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at I-32, in a table labeled "Occupancy Types of the Mortgage Loans," Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc made the following misrepresentations about the percentage of owner-occupied properties securing the loans in the aggregate collateral pool:

Occupancy Type	Represented Number of Initial Mortgage Loans	Represented Percentage Based on Outstanding Principal Balance of Mortgages in Pool	Represented Percentage of Initial Mortgage Loans[1]	Actual Percentage of Initial Mortgage Loans
Primary Residence (Owner Occupied)	2,538	88.9%	85.3%	**73.3%**
Investment Properties	319	7.7%	10.7%	
Secondary Residence	118	3.4%	4.0%	
Total Mortgaged Properties	2,975	100.0%	100.0%	

   b. AIG's loan-level analysis has determined that the Offering Materials drastically overstated the percentage of owner-occupied properties secured by Mortgage Loans in the collateral pool. AIG tested the sample loans identified as owner-occupied and found the following inconsistencies:

Test	Percentage Inconsistent With Reported Occupancy
Whether the property owner received his property tax bill for the	7.9%

[1] "Represented Percentage of Initial Mortgage Loans" is not a direct representation made in the Offering Materials, but data calculated by AIG based on information provided in the Offering Materials. It is presented here for comparative purposes only.

securitized property at the address of the securitized property or if the property owner took a property tax exemption on the mortgage securitized property.	
Whether creditors reported the securitized property's address as the property owner's mailing address six months after the origination of the loan.	10.0%
Whether the property owner owned any other properties during the same time period of ownership of the securitized property.	8.8%
Whether the property owner consistently identified the securitized property as his or her mailing address for property tax bills on each concurrently owned property.	23.3%
Whether the address of the securitized property is listed as the mailing address for bills and other correspondence between the property owner and the lienholders.	11.5%
Whether the securitized property failed two or more of the above tests.	**14.1%**

7. **Untrue and misleading statements about LTV ratios in the RALI 2006-QO5 Offering Materials:**

   a. The Offering Materials provide a statistical overview of the Mortgage Loans underlying the offering, including a chart containing the LTV characteristics of the loans in the aggregate collateral pool. RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at I-30. These statistics were incorrect because many of the LTV ratios for the individual loans were miscalculated.

   b. The Offering Materials presented the following untrue and misleading information:

	As Represented In Offering Materials	**As Determined by AIG's Loan-Level Analysis**	**Percentage Point Difference Between Represented and Actual Figures**	**Understatement**
Weighted Average Original LTV	74.7%	86.3%	11.6	13.4%
Percentage of Mortgage Loans With An LTV Greater Than 100%	0.0%	14.5%	14.5	100.0%
Percentage of Mortgage	1.7%	30.3%	28.6	94.4%

Loans With An LTV Greater Than 90%				
Percentage of Mortgage Loans With An LTV Greater Than 80%	5.5%	66.5%	61.0	91.7%

c. The Offering Materials based the above misrepresentations regarding the mortgage pool as a whole on false LTV data about the individual loans in the mortgage pool. The loan-by-loan LTV data used by the Offering Materials to calculate the aggregated statistics was systematically false as follows:

Systemic Undervaluation in LTV Ratios Permeated the Mortgage Pool	
	As Determined by AIG's Loan-Level Analysis
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 10 Percentage Points	39.8%
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 15 Percentage Points	25.3%
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 25 Percentage Points	10.9%

d. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented 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. 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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006 at S-62.

8. **Untrue and misleading statements about debt-to-income ratios in the RALI 2006-QO5 Offering Materials:**

    a. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-61-62.

9. **Untrue and misleading statements about credit ratings in the RALI 2006-QO5 Offering Materials:**

    a. The Offering Materials represented the initial credit rating for each tranche of RALI 2006-QO5 at S-6.

    b. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "Each class of certificates offered hereby and by the accompanying prospectus supplement will be rated at the date of issuance in one of the four highest rating categories by at least one rating agency." RALI 2006-QO5 Prospectus dated March 3, 2006, at 102.

    c. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "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. 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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-134-135.

10. Untrue and misleading statements regarding case-by-case underwriting exceptions in the RALI 2006-QO5 Offering Materials:

a. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "[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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-63.

11. Untrue and misleading statements regarding underwriting documentation programs in the RALI 2006-QO5 Offering Materials:

a. In the Offering Materials, Residential Accredit Loans Inc., Residential Funding Corporation and Homecomings Financial Network, Inc. misrepresented that "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." RALI 2006-QO5 Prospectus Supplement dated May 26, 2006, at S-62.

Exhibit: Misrepresentations in the Offering Materials for RALI 2006-QO8

1. **Defendant's Role:** Residential Accredit Loans Inc., Depositor; Residential Funding Company, LLC, Sponsor; Homecomings Financial, LLC, Originator.

2. **Collateral type:** The mortgage pool consists of adjustable-rate mortgage loans with original terms to maturity of not greater than 40 years secured by first liens on one- to four-family residential properties.

3. **Initial number of Mortgage Loans:** 3,739

4. **Registration Statement filing date:** 1/23/2006; **Prospectus Supplement filing date:** 11/1/2006

5. **Untrue and misleading statements about underwriting guidelines in the RALI 2006-QO8 Offering Materials:**

    a. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-61.

    b. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "[T]he 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 . . . . 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 . . . . The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-59-60.

    c. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "Each mortgage loan at the time it was made complied in all material respects with applicable local, state and federal laws . . . ." RALI 2006-QO8 Prospectus

Supplement dated October 30, 2006, at S-50.

6. **Untrue and misleading statements about owner occupancy in the RALI 2006-QO8 Offering Materials:**

a. In the Offering Materials, RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at I-26, in a table labeled "Occupancy Types of the Mortgage Loans," Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC made the following misrepresentations about the percentage of owner-occupied properties securing the loans in the aggregate collateral pool:

Occupancy Type	Represented Number of Initial Mortgage Loans	Represented Percentage Based on Outstanding Principal Balance of Mortgages in Pool	Represented Percentage of Initial Mortgage Loans[1]	Actual Percentage of Initial Mortgage Loans
Primary Residence (Owner Occupied)	3,126	86.9%	83.6%	**69.3%**
Investment Properties	437	8.8%	11.7%	
Secondary Residence	176	4.3%	4.7%	
Total Mortgaged Properties	3,739	100.0%	100.0%	

b. AIG's loan-level analysis has determined that the Offering Materials drastically overstated the percentage of owner-occupied properties secured by Mortgage Loans in the collateral pool. AIG tested the sample loans identified as owner-occupied and found the following inconsistencies:

Test	Percentage Inconsistent With Reported Occupancy
Whether the property owner received his property tax bill for the securitized property at the address of the securitized property or if the property owner took a property tax exemption on the mortgage	12.2%

[1] "Represented Percentage of Initial Mortgage Loans" is not a direct representation made in the Offering Materials, but data calculated by AIG based on information provided in the Offering Materials. It is presented here for comparative purposes only.

securitized property.	
Whether creditors reported the securitized property's address as the property owner's mailing address six months after the origination of the loan.	10.4%
Whether the property owner owned any other properties during the same time period of ownership of the securitized property.	13.8%
Whether the property owner consistently identified the securitized property as his or her mailing address for property tax bills on each concurrently owned property.	25.4%
Whether the address of the securitized property is listed as the mailing address for bills and other correspondence between the property owner and the lienholders.	9.4%
Whether the securitized property failed two or more of the above tests.	**17.1%**

7. **Untrue and misleading statements about LTV ratios in the RALI 2006-QO8 Offering Materials:**

   a. The Offering Materials provide a statistical overview of the Mortgage Loans underlying the offering, including a chart containing the LTV characteristics of the loans in the aggregate collateral pool. RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at I-24. These statistics were incorrect because many of the LTV ratios for the individual loans were miscalculated.

   b. The Offering Materials presented the following untrue and misleading information:

	As Represented In Offering Materials	**As Determined by AIG's Loan-Level Analysis**	**Percentage Point Difference Between Represented and Actual Figures**	**Understatement**
Weighted Average Original LTV	75.2%	86.4%	11.2	13.0%
Percentage of Mortgage Loans With An LTV Greater Than 100%	0.0%	18.1%	18.1	100.0%
Percentage of Mortgage Loans With An LTV Greater	2.5%	39.9%	37.4	93.7%

Than 90%				
Percentage of Mortgage Loans With An LTV Greater Than 80%	6.5%	66.0%	59.5	90.2%

c. The Offering Materials based the above misrepresentations regarding the mortgage pool as a whole on false LTV data about the individual loans in the mortgage pool. The loan-by-loan LTV data used by the Offering Materials to calculate the aggregated statistics was systematically false as follows:

Systemic Undervaluation in LTV Ratios Permeated the Mortgage Pool	
	As Determined by AIG's Loan-Level Analysis
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 10 Percentage Points	47.0%
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 15 Percentage Points	29.9%
Percentage of Mortgage Loans With An Actual LTV Ratio That Was Understated By At Least 25 Percentage Points	15.0%

d. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented 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. 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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-60.

8. Untrue and misleading statements about debt-to-income ratios in the RALI 2006-QO8 Offering Materials:

a. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-60.

9. **Untrue and misleading statements about credit ratings in the RALI 2006-QO8 Offering Materials:**

a. The Offering Materials represented the initial credit rating for each tranche of RALI 2006-QO8 at S-8.

b. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "Each class of certificates offered hereby and by the accompanying prospectus supplement will be rated at the date of issuance in one of the four highest rating categories by at least one rating agency." RALI 2006-QO8 Prospectus dated October 26, 2006, at 103.

c. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "It is a condition of the issuance of the offered certificates that they be rated as indicated on page S-8 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. 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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-130.

10. Untrue and misleading statements regarding case-by-case underwriting exceptions in the RALI 2006-QO8 Offering Materials:

a. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "[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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-61.

11. Untrue and misleading statements regarding underwriting documentation programs in the RALI 2006-QO8 Offering Materials:

a. In the Offering Materials, Residential Accredit Loans Inc. Residential Funding Company, LLC and Homecomings Financial, LLC misrepresented that "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." RALI 2006-QO8 Prospectus Supplement dated October 30, 2006, at S-60.

Schedule I

Case	AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.

Deal
RALI 2006-QO5
RALI 2006-QO8

Schedule II

Schedule II

Case	Deal Name	CUSIP	Purchase Price	Purchase Date	Ratings at Purchase S&P/Moodys/Fitch	Current Ratings S&P/Moodys/Fitch
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	DBALT 2007-RMP1	25150MAC0	70,099,000	2/14/2007	AAA/Aaa/NR	CCC/B3/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	DBALT 2007-RMP1	25150MAD8	32,896,000	2/14/2007	AAA/Aaa/NR	CCC/C/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	DBALT 2007-RMP1	25150MAC0	17,000,000	2/14/2007	AAA/Aaa/NR	CCC/B3/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	DBALT 2007-RMP1	25150MAD8	8,000,000	2/14/2007	AAA/Aaa/NR	CCC/C/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2005-HE1	361856EC7	9,988,281	1/18/2006	AAA/Aaa/NR	D/Caa2/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2005-HE1	361856EC7	99,063	1/8/2007	AAA/Aaa/NR	D/Caa2/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2005-HE3	361856EJ2	175,767,000	9/23/2005	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAB5	1,798,875	6/12/2007	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAC3	49,415,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAC3	21,000,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2006-RS2	76112B2D1	80,007,000	2/24/2006	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2006-RS2	76112B2C3	70,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2006-RS4	75156WAC7	43,000,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2006-RS4	75156WAC7	18,680,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2007-RS2	75157DAB0	11,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V GMAC MORTGAGE, LLC	RAMP 2007-RS2	75157DAB0	44,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO5	75114HAD9	49,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO5	75114HAE7	16,800,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO5	75114HAD9	21,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO5	75114HAE7	7,200,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO8	75115FAD2	130,854,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QO8	75115FAD2	56,000,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2005-RS5	76112BPU8	20,938,810	1/20/2006	NR/Aaa/AAAsf	NR/A2/AAA*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2005-RS9	76112BL81	111,695,000	11/23/2005	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS1	76112BT83	80,000,000	1/18/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS2	76112B2D1	80,007,000	2/24/2006	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS2	76112B2C3	70,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS4	75156WAC7	43,000,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS4	75156WAC7	18,680,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RZ1	76112BY87	65,000,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A1/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RZ1	76112BY95	49,479,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2007-RS2	75157DAB0	11,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RAMP 2007-RS2	75157DAB0	44,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2005-KS12	753910AB4	2,993,438	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2005-KS12	753910AB4	11,973,750	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS4	75406EAC5	35,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS4	75406EAC5	15,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS5	75406VAC7	38,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS5	75406VAC7	7,987,500	7/11/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS5	75406VAC7	16,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS5	75406VAC7	1,996,875	7/11/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS6	75406WAC5	21,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS6	75406WAC5	9,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS7	75406XAC3	17,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS7	75406XAC3	7,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS9	75406YAC1	13,493,672	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS9	75406YAF4	6,980,313	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS9	75406YAC1	31,485,234	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2006-KS9	75406YAF4	27,921,250	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2007-KS1	74924SAC0	7,000,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2007-KS1	74924SAC0	28,455,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2007-KS3	74924YAC7	24,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V HOMECOMINGS FINANCIAL, LLC	RASC 2007-KS3	74924YAC7	94,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO5	75114HAD9	49,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO5	75114HAE7	16,800,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO5	75114HAD9	21,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO5	75114HAE7	7,200,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO8	75115FAD2	130,854,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QO8	75115FAD2	56,000,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR

Ratings marked with * indicates the rating is on watch for downgrade.

Schedule II

Case	Deal Name	CUSIP	Purchase Price	Purchase Date	Ratings at Purchase S&P/Moodys/Fitch	Current Ratings S&P/Moodys/Fitch
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2005-HE1	361856EC7	9,988,281	1/18/2006	AAA/Aaa/NR	D/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2005-HE1	361856EC7	99,063	1/8/2007	AAA/Aaa/NR	D/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2005-HE3	361856EJ2	175,767,000	9/23/2005	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAB5	1,798,875	6/12/2007	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAC3	49,415,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAC3	21,000,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP2	74919PAB5	6,000,000	5/2/2006	AAA/Aaa/AAA	AA-/Baa2/BB*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP2	74919PAC3	6,000,000	5/2/2006	AAA/Aaa/AAA	BBB+/Ba2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP2	74919PAB5	14,409,000	5/2/2006	AAA/Aaa/AAA	AA-/Baa2/BB*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP2	74919PAC3	14,337,000	5/2/2006	AAA/Aaa/AAA	BBB+/Ba2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP3	74919QAB3	21,000,000	8/28/2006	AAA/Aaa/AAA	BB/Ba1/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP3	74919QAC1	25,505,000	8/28/2006	AAA/Aaa/AAA	BB/B1/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP3	74919QAB3	9,000,000	8/28/2006	AAA/Aaa/AAA	BB/Ba1/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP3	74919QAC1	11,000,000	8/28/2006	AAA/Aaa/AAA	BB/B1/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP4	74919VAB2	14,724,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP4	74919VAC0	15,545,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP4	74919VAB2	6,000,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAAC 2006-SP4	74919VAC0	7,000,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2005-EFC7	76112BR77	70,151,000	12/19/2005	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2005-RS5	76112BPU8	20,938,810	1/20/2006	NR/Aaa/AAAsf	NR/A2/AAA*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2005-RS9	76112BL81	111,695,000	11/23/2005	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-NC1	76112BX21	16,044,500	1/24/2006	AAA/Aaa/NR	B/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-NC2	75156TAB6	16,000,000	4/30/2007	AAA/NR/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-NC2	75156TAB6	4,000,000	4/30/2007	AAA/NR/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RS1	76112BT83	80,000,000	1/18/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RS2	76112B2D1	80,007,000	2/24/2006	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RS2	76112B2C3	70,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RS4	75156WAC7	43,000,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RS4	75156WAC7	18,680,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RZ1	76112BY87	65,000,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-RZ1	76112BY95	49,479,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2007-RS2	75157DAB0	11,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2007-RS2	75157DAB0	44,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2005-AHL3	76110W6M3	20,805,000	11/4/2005	AAA/Aaa/NR	BB/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2005-AHL3	76110W6L5	45,495,000	11/4/2005	AAA/Aaa/NR	BB+/B3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2005-KS12	753910AB4	2,993,438	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2005-KS12	753910AB4	11,973,750	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX3	76113ABZ3	94,585,219	5/30/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX3	76113ABZ3	24,990,234	6/12/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX3	76113ABZ3	23,646,305	5/30/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX3	76113ABZ3	6,997,266	6/12/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX5	74924QAC4	35,781,000	6/23/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX5	74924QAC4	15,000,000	6/23/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX6	754065AC4	28,000,000	7/21/2006	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX6	754065AC4	857,581	6/12/2007	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX6	754065AD2	27,011,000	7/21/2006	AAA/Aaa/NR	CC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX6	754065AC4	12,000,000	7/21/2006	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-EMX6	754065AD2	12,000,000	7/21/2006	AAA/Aaa/NR	CC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS4	75406EAC5	35,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS4	75406EAC5	15,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS5	75406VAC7	38,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS5	75406VAC7	7,987,500	7/11/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS5	75406VAC7	16,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS5	75406VAC7	1,996,875	7/11/2007	AAA/Aaa/NR	€CC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS6	75406WAC5	21,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS6	75406WAC5	9,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS7	75406XAC3	17,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS7	75406XAC3	7,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS9	75406YAC1	13,493,672	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*

Ratings marked with * indicates the rating is on watch for downgrade.

Schedule II

Case	Deal Name	CUSIP	Purchase Price	Purchase Date	Ratings at Purchase S&P/Moodys/Fitch	Current Ratings S&P/Moodys/Fitch
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS9	75406YAF4	6,980,313	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS9	75406YAC1	31,485,234	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2006-KS9	75406YAF4	27,921,250	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2007-KS1	74924SAC0	7,000,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2007-KS1	74924SAC0	28,455,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2007-KS3	74924YAC7	24,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL ASSET SECURITIES CORPORATION	RASC 2007-KS3	74924YAC7	94,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	DBALT 2007-RMP1	25150MAC0	70,099,000	2/14/2007	AAA/Aaa/NR	CCC/B3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	DBALT 2007-RMP1	25150MAD8	32,896,000	2/14/2007	AAA/Aaa/NR	CCC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	DBALT 2007-RMP1	25150MAC0	17,000,000	2/14/2007	AAA/Aaa/NR	CCC/B3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	DBALT 2007-RMP1	25150MAD8	8,000,000	2/14/2007	AAA/Aaa/NR	CCC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	GSR 2007-HEL1	36245HAA9	87,937,000	4/5/2007	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	GSR 2007-HEL1	36245HAA9	22,000,000	4/5/2007	AAA/Aaa/NR	B/B3*/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	GSR 2007-OA1	3622NAAD2	15,000,000	5/4/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	GSR 2007-OA1	3622NAAD2	59,739,000	5/4/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	MANA 2007-OAR4	59025EAV8	120,000,000	7/23/2007	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP2	74919PAB5	6,000,000	5/2/2006	AAA/Aaa/AAA	AA-/Baa2/BB*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP2	74919PAC3	6,000,000	5/2/2006	AAA/Aaa/AAA	BBB+/Ba2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP2	74919PAB5	14,409,000	5/2/2006	AAA/Aaa/AAA	AA-/Baa2/BB*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP2	74919PAC3	14,337,000	5/2/2006	AAA/Aaa/AAA	BBB+/Ba2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP3	74919QAB3	21,000,000	8/28/2006	AAA/Aaa/AAA	BB/Ba1/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP3	74919QAC1	25,505,000	8/28/2006	AAA/Aaa/AAA	BB/B1/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP3	74919QAB3	9,000,000	8/28/2006	AAA/Aaa/AAA	BB/Ba1/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP3	74919QAC1	11,000,000	8/28/2006	AAA/Aaa/AAA	BB/B1/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP4	74919VAB2	14,724,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP4	74919VAC0	15,545,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP4	74919VAB2	6,000,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/B*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAAC 2006-SP4	74919VAC0	7,000,000	12/5/2006	AAA/Aaa/AAA	CCC/Caa2/CCC
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO5	75114HAD9	49,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO5	75114HAE7	16,800,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO5	75114HAD9	21,000,000	5/19/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO5	75114HAE7	7,200,000	5/19/2006	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO8	75115FAD2	130,854,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QO8	75115FAD2	56,000,000	10/13/2006	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2005-EFC7	76112BR77	70,151,000	12/19/2005	AAA/Aaa/NR	D/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2005-RS5	76112BPU8	20,938,810	1/20/2006	NR/Aaa/AAAsf	NR/A2/AAA*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2005-RS9	76112BL81	111,695,000	11/23/2005	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-NC1	76112BX21	16,044,500	1/24/2006	AAA/Aaa/NR	B/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-NC2	75156TAB6	16,000,000	4/30/2007	AAA/NR/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-NC2	75156TAB6	4,000,000	4/30/2007	AAA/NR/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS1	76112BT83	80,000,000	1/18/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS2	76112B2D1	80,007,000	2/24/2006	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS2	76112B2C3	70,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS4	75156WAC7	43,000,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS4	75156WAC7	18,680,000	6/19/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RZ1	76112BY87	65,000,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RZ1	76112BY95	49,479,000	2/17/2006	AAA (sf)/Aaa/NR	AAA*/A2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2007-RS2	75157DAB0	11,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2007-RS2	75157DAB0	44,000,000	5/8/2007	AAA/Aaa/NR	D/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2005-AHL3	76110W6M3	20,805,000	11/4/2005	AAA/Aaa/NR	BB/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2005-AHL3	76110W6L5	45,495,000	11/4/2005	AAA/Aaa/NR	BB+/B3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2005-KS12	753910AB4	2,993,438	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2005-KS12	753910AB4	11,973,750	7/19/2007	AAA/Aaa/NR	BBB+/Ba1/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX3	76113ABZ3	94,585,219	5/30/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX3	76113ABZ3	24,990,234	6/12/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX3	76113ABZ3	23,646,305	5/30/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX3	76113ABZ3	6,997,266	6/12/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX5	74924QAC4	35,781,000	6/23/2006	AAA/Aaa/NR	CCC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX5	74924QAC4	15,000,000	6/23/2006	AAA/Aaa/NR	CCC/Caa3/NR

Ratings marked with * indicates the rating is on watch for downgrade.

Schedule 1I

Case	Deal Name	CUSIP	Purchase Price	Purchase Date	Ratings at Purchase S&P/Moodys/Fitch	Current Ratings S&P/Moodys/Fitch
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX6	754065AC4	28,000,000	7/21/2006	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX6	754065AC4	857,581	6/12/2007	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX6	754065AD2	27,011,000	7/21/2006	AAA/Aaa/NR	CC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX6	754065AC4	12,000,000	7/21/2006	AAA/Aaa/NR	CC/Caa3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-EMX6	754065AD2	12,000,000	7/21/2006	AAA/Aaa/NR	CC/C/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS4	75406EAC5	35,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS4	75406EAC5	15,000,000	5/25/2006	AAA/Aaa/NR	BB+/Ba3/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS5	75406VAC7	38,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS5	75406VAC7	7,987,500	7/11/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS5	75406VAC7	16,000,000	6/22/2006	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS5	75406VAC7	1,996,875	7/11/2007	AAA/Aaa/NR	CCC/Caa2/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS6	75406WAC5	21,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS6	75406WAC5	9,000,000	7/21/2006	AAA/Aaa/AAA	CCC/Caa2/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS7	75406XAC3	17,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS7	75406XAC3	7,500,000	8/15/2006	AAA/Aaa/AAA	B-/Caa1/CCC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS9	75406YAC1	13,493,672	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS9	75406YAF4	6,980,313	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS9	75406YAC1	31,485,234	12/6/2006	AAA/Aaa/AAA	CCC/Ca/C*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2006-KS9	75406YAF4	27,921,250	3/9/2007	AA+/Aa1/AA+	D/C/D*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2007-KS1	74924SAC0	7,000,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2007-KS1	74924SAC0	28,455,000	2/6/2007	AAA/Aaa/AAA	CCC/Ca/CC*
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2007-KS3	74924YAC7	24,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AIG SECURITIES LENDING CORPORATION V RESIDENTIAL FUNDING COMPANY, LLC	RASC 2007-KS3	74924YAC7	94,000,000	7/12/2007	AAA/Aaa/NR	CCC/Ca/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAC3	20,000,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V GMAC MORTGAGE, LLC	RAMP 2006-RS2	76112B2C3	10,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V HOMECOMINGS FINANCIAL, LLC	RAMP 2006-RS2	76112B2C3	10,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC	GMACM 2006-HE4	38012UAC3	20,000,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC	RAMP 2006-RS2	76112B2C3	10,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AMERICAN INTERNATIONAL GROUP RETIREMENT PLAN V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-RS2	76112B2C3	10,000,000	2/24/2006	AAA/Aaa/NR	CCC/Caa1/NR
AMERICAN INTERNATIONAL GROUP, INC. V GMAC MORTGAGE, LLC	GMACM 2007-HE2	36186LAE3	32,999,168	6/27/2007	AAA/Aaa/NR	D/Caa3/NR
AMERICAN INTERNATIONAL GROUP, INC. V GMAC MORTGAGE, LLC	GMACM 2007-HE2	36186LAG8	24,086,873	6/27/2007	AAA/Aaa/NR	D/Caa3/NR
AMERICAN INTERNATIONAL GROUP, INC. V GMAC MORTGAGE, LLC	RFMSI 2006-SA2	749574AG4	74,252,930	7/26/2006	AAA/NR/AAA	CCC/NR/C
AMERICAN INTERNATIONAL GROUP, INC. V GMAC MORTGAGE, LLC	RFMSI 2007-SA1	74958WAG1	38,763,845	1/10/2007	AAA/Aaa/NR	D/Caa2/NR
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMS2 2007-HSA2	43710RAF8	35,975,708	4/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMS2 2007-HSA2	43710RAG6	33,995,179	4/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMS2 2007-HSA3	43710WAE0	11,081,833	5/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMSI 2006-SA2	749574AG4	74,252,930	7/26/2006	AAA/NR/AAA	CCC/NR/C
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMSI 2006-SA3	749575AG1	26,837,771	8/15/2006	AAA/NR/AAA	D/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMSI 2006-SA3	749575AJ5	20,999,153	8/9/2006	AAA/NR/AAA	D/NR/NR
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMSI 2006-SA3	749575AR7	3,948,771	8/16/2006	NR/NR/AA	NR/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V HOMECOMINGS FINANCIAL, LLC	RFMSI 2007-SA1	74958WAG1	38,763,845	1/10/2007	AAA/Aaa/NR	D/Caa2/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2007-HE2	36186LAE3	32,999,168	6/27/2007	AAA/Aaa/NR	D/Caa3/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2007-HE2	36186LAG8	24,086,873	6/27/2007	AAA/Aaa/NR	D/Caa3/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	GSR 2007-AR1	362290AR9	17,013,736	1/26/2007	NR/NR/AA	NR/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMS2 2007-HSA2	43710RAF8	35,975,708	4/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMS2 2007-HSA2	43710RAG6	33,995,179	4/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMS2 2007-HSA3	43710WAE0	11,081,833	5/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2006-SA2	749574AG4	74,252,930	7/26/2006	AAA/NR/AAA	CCC/NR/C
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2006-SA3	749575AG1	26,837,771	8/15/2006	AAA/NR/AAA	D/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2006-SA3	749575AJ5	20,999,153	8/9/2006	AAA/NR/AAA	D/NR/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2006-SA3	749575AR7	3,948,771	8/16/2006	NR/NR/AA	NR/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2007-SA1	74958WAG1	38,763,845	1/10/2007	AAA/Aaa/NR	D/Caa2/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2006-SA2	749574AG4	74,252,930	7/26/2006	AAA/NR/AAA	CCC/NR/C
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2006-SA3	749575AG1	26,837,771	8/15/2006	AAA/NR/AAA	D/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2006-SA3	749575AJ5	20,999,153	8/9/2006	AAA/NR/AAA	D/NR/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2006-SA3	749575AR7	3,948,771	8/16/2006	NR/NR/AA	NR/NR/D
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2007-SA1	74958WAG1	38,763,845	1/10/2007	AAA/Aaa/NR	D/Caa2/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC.	RFMS2 2007-HSA2	43710RAF8	35,975,708	4/24/2007	AAA/Aaa/AAA	B/B3*/NR
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC.	RFMS2 2007-HSA2	43710RAG6	33,995,179	4/24/2007	AAA/Aaa/AAA	B/B3*/NR

Ratings marked with * indicates the rating is on watch for downgrade.

Schedule II

Case	Deal Name	CUSIP	Purchase Price	Purchase Date	Ratings at Purchase S&P/Moodys/Fitch	Current Ratings S&P/Moodys/Fitch
AMERICAN INTERNATIONAL GROUP, INC. V RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC.	RFMS2 2007-HSA3	43710WAE0	11,081,833	5/24/2007	AAA/Aaa/AAA	B/B3*/NR
FIRST SUNAMERICA LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-AR2	36185MFC1	8,934,694	3/21/2006	AAA/NR/AAA	CC/NR/CC
FIRST SUNAMERICA LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR2	36185MFC1	8,934,694	3/21/2006	AAA/NR/AAA	CC/NR/CC
LEXINGTON INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAB5	27,834,300	12/31/2007	AAA/Aaa/NR	B/B3*/NR
LEXINGTON INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAB5	27,834,300	12/31/2007	AAA/Aaa/NR	B/B3*/NR
SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2005-AR3	36185N7P9	6,522,988	7/8/2005	AA/NR/NR	D/NR/NR
SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2005-AR3	36185N7P9	6,522,988	7/8/2005	AA/NR/NR	D/NR/NR
SUNAMERICA LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-AR1	36185MDS8	10,010,938	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
SUNAMERICA LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR1	36185MDS8	10,010,938	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK V GMAC MORTGAGE, LLC	GMACM 2006-AR2	36185MFC1	4,984,766	3/21/2006	AAA/NR/AAA	CC/NR/CC
THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR2	36185MFC1	4,984,766	3/21/2006	AAA/NR/AAA	CC/NR/CC
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2005-AR3	36185N7P9	5,957,193	7/8/2005	AA/NR/NR	D/NR/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-AR1	36185MDS8	10,010,938	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-AR1	36185MDS8	5,005,469	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-AR1	36185MDS8	5,005,469	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAB5	35,835,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	GMACM 2006-HE4	38012UAB5	1,500,469	2/13/2007	AAA/Aaa/NR	B/B3*/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	RALI 2006-QS6	74922EAD1	9,839,063	5/22/2006	AAA/Aaa/AAA	D/Caa3/D
WESTERN NATIONAL LIFE INSURANCE COMPANY V GMAC MORTGAGE, LLC	RFMSI 2007-SA1	74958WAA4	2,159,574	1/11/2007	AAA/Aaa/NR	D/Caa3/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V HOMECOMINGS FINANCIAL, LLC	RALI 2006-QS6	74922EAD1	9,839,063	5/22/2006	AAA/Aaa/AAA	D/Caa3/D
WESTERN NATIONAL LIFE INSURANCE COMPANY V HOMECOMINGS FINANCIAL, LLC	RFMSI 2007-SA1	74958WAA4	2,159,574	1/11/2007	AAA/Aaa/NR	D/Caa3/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ACCREDIT LOANS, INC.	RALI 2006-QS6	74922EAD1	9,839,063	5/22/2006	AAA/Aaa/AAA	D/Caa3/D
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2005-AR3	36185N7P9	5,957,193	7/8/2005	AA/NR/NR	D/NR/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR1	36185MDS8	10,010,938	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR1	36185MDS8	5,005,469	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-AR1	36185MDS8	5,005,469	2/8/2006	AAA/Aaa/NR	CC/Caa2/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAB5	35,835,000	9/22/2006	AAA/Aaa/NR	B/B3*/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	GMACM 2006-HE4	38012UAB5	1,500,469	2/13/2007	AAA/Aaa/NR	B/B3*/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	RAMP 2006-NC2	75156TAB6	10,012,500	12/6/2006	AAA/NR/NR	CCC/Caa1/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL FUNDING COMPANY, LLC	RALI 2006-QS6	74922EAD1	9,839,063	5/22/2006	AAA/Aaa/AAA	D/Caa3/D
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL FUNDING COMPANY, LLC	RAMP 2006-NC2	75156TAB6	10,012,500	12/6/2006	AAA/NR/NR	CCC/Caa1/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL FUNDING COMPANY, LLC	RFMSI 2007-SA1	74958WAA4	2,159,574	1/11/2007	AAA/Aaa/NR	D/Caa3/NR
WESTERN NATIONAL LIFE INSURANCE COMPANY V RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.	RFMSI 2007-SA1	74958WAA4	2,159,574	1/11/2007	AAA/Aaa/NR	D/Caa3/NR

Ratings marked with * indicates the rating is on watch for downgrade.

Exhibit 19

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 4960, filed by Allstate, on Nov. 15, 2012 (without exhibits)

Claim #4960 Date Filed: 11/15/2012

B 10 Modified (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: Residential Funding Company, LLC (f/k/a Residential Funding Corporation), Case No. 12-12019

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) may be filed pursuant to 11 U.S.C § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
Allstate Insurance Co.

☐ Check this box if this claim amends a previously filed claim.

Court Claim Number:_____ (*If known*)

Filed on:_____

Name and address where notices should be sent:

Eric D. Winston
Quinn Emanuel Urquhart & Sullivan, LLP
865 S. Figueroa Street, 10th Floor
Los Angeles, CA 90017

■ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: 213-443-3000 email: ericwinston@quinnemanuel.com

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

Name and address where payment should be sent (if different from above):

Peter A McElvain | Corporate Counsel | Allstate Investments, LLC
3075 Sanders Road | Suite G5A | Northbrook, IL 60062

Telephone number: 847 402-1477 email: pmcelvai@allstate.com

1. Amount of Claim as of Date Case Filed: $ See Attached

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: See Attached
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3b. Uniform Claim Identifier (optional):**
____ ____ ____ ____	N/A (See instruction #3a)	N/A (See instruction #3b)

4. Secured Claim (See instruction #4)

Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other

Describe:

Value of Property: $_____ **Annual Interest Rate**_____% ☐ Fixed ☐ Variable (when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured:** $_____

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4).

☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11U.S.C. §507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(__).

Amount entitled to priority:

$_____

* *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. Claim Pursuant to 11 U.S.C. § 503(b)(9):

Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$_____ (See instruction #6)

7. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

8. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. *(See instruction #8, and the definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor. ■ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Dan Brockett
Title: Attorney for Allstate Insurance Co.
Company: Quinn Emanuel Urquhart & Sullivan, LLP

Dan Brockett 11/14/12
(Signature) (Date)

Address and telephone number (if different from notice address above):
51 Madison Avenue, 22nd Floor, New York, NY 10010
51 Madison Avenue, 22nd Floor, New York, NY 10010

Telephone number: 213-849-7000 Email: danbrockett@quinnemanuel.com

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KURTZMAN CARSON CONSULTANTS
COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C

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POWER OF ATTORNEY

Mario Rizzo, on behalf of the Allstate Entities, as defined below, authorizes Quinn Emanuel Urquhart & Sullivan LLP to execute and submit, in relation to the Chapter 11 bankruptcy cases filed by Residential Capital, LLC and its affiliated debtors and debtors in possession, that have been consolidated in Case No. 12-12020 (MG) (Bankr. S.D.N.Y.), proofs of claims against: GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.); GMAC-RFC Holding Company, LLC; Residential Accredit Loans, Inc.; Residential Asset Mortgage Products, Inc.; Residential Asset Securities Corporation; Residential Capital, LLC; Residential Funding Company, LLC (f/k/a Residential Funding Company, LLC); Residential Funding Mortgage Securities I, Inc.; and Residential Funding Mortgage Securities II, Inc.

Signature: Mario Rizzo

Name: Mario Rizzo

Title/Position with the Allstate Entities: Senior Vice President and Treasurer

Date: 11-14-12

The Allstate Entities are: Allstate Insurance Company; Allstate Life Insurance Company; Allstate New Jersey Insurance Company; American Heritage Life Insurance Plan; First Colonial Insurance Company; and Kennett Capital, Inc.

Allstate Insurance Co. against Residential Funding Company, LLC

Case No. 12-12019 (MG)

Introduction

1) On May 14, 2012 (the "Petition Date"), Residential Capital, LLC ("ResCap") and its affiliated debtors and debtors in possession in the above-referenced cases (collectively, including the Debtor (as defined below), the "ResCap Debtors") each filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for Southern District of New York (the "Bankruptcy Court"), commencing cases that have been consolidated in Case No. 12-12020 (MG) (the "Bankruptcy Cases").

2) Allstate Insurance Co. ("Claimant") hereby asserts against Residential Funding Company, LLC (the "Debtor") non-subordinated general unsecured claims that arise from misrepresentations in offering materials related to Claimant's acquisition of eight residential mortgaged-backed certificates (the "Certificates") issued by non-Debtor securitization trusts (the "Trusts") formed by, but not affiliated with, the ResCap Debtors.[1]

3) Claimant has suffered significant damages as a result of the acquisition of these Certificates, and asserts a claim against Debtor of at least the total of the following amounts, which represent losses on each of the Certificates at issue (to the extent permitted under applicable law, Claimant reserves the right to assert rescission as a remedy):

RMBS CERTIFICATE	LOSSES (AS OF MARCH 31, 2012)
RALI 2006-Q03 A2	$4,225,214.83

[1] The RALI 2006-Q03 A2 and RALI 2007-QH6 A1 Certificates were originally acquired by Allstate Bank (f/k/a Allstate Federal Savings Bank), which assigned all relevant rights to Allstate Insurance Co.

RALI 2007-QH6 A1	$2,707,604.92
RAMP 2004-RZ2 AI6	$603,638.50
RFMSI 2006-S6 A12	$1,213,933.73
RFMS2 2005-HS2, AI2	$146,680.81
RFMS2 2005-HS2, AI3	$4,578,598.50
RFMS2 2005-HSA1 AI5	$2,727,544.85
RFMS2 2006-HI5, A4	$667,651.35

Details regarding the specific misrepresentations and breaches giving rise to Claimant's claims are set forth in the complaint (the "Complaint") attached hereto as **Exhibit A.** Claimant reserves the right to amend this Proof of Claim as losses continue to occur.

4) In addition, Claimant asserts a claim against the Debtor for (a) accrued and unpaid prepetition interest in an amount to be determined, (b) attorneys' fees and costs to the extent permitted under applicable nonbankruptcy law, and accrued and unpaid postpetition interest to the extent permitted under the Bankruptcy Code, and (c) punitive damages, to the extent permitted under applicable law.

5) The amount of all payments received prior to the Petition Date in respect of the claims asserted in this Proof of Claim has been credited and deducted for the purposes of making this Proof of Claim. In calculating the principal amount of this Proof of Claim, the claims set forth herein are not subject to any setoff, counterclaim or right of recoupment.

6) Claimant filed a complaint against the Debtor and others in District Court for the Fourth Judicial District, County of Hennepin, State of Minnesota, on February 15, 2011. Claimant filed the Complaint (which amended the initial complaint) on April 15, 2011. Various defendants moved to dismiss the first amended complaint, which was denied on November 28, 2011, except as to Claimant's negligent misrepresentation claim. A copy of the order denying the motion to dismiss is attached hereto as **Exhibit B**.

7) No judgment has been rendered in respect of the claims asserted in this Proof of Claim. Together with the "Allstate Entities," Claimant has undertaken substantial diligence to establish the strength and amount of its claims against the Debtor.

Basis for the Claim

8) The bases for the claims Claimant asserts are set forth in the Complaint, which is incorporated herein by reference. The Claims are for common law fraud, negligent misrepresentation, fraudulent inducement, and violations of the Minnesota Consumer Fraud Act, 1963 Minn. Laws 842 (codified at Minn. Stat. Ann. § 325F.68-.70).

9) To summarize, between 2005 and 2007, the ResCap debtors and non-debtors fraudulently induced Claimant and affiliated entities to acquire some 45 residential mortgage-backed securities ("Certificates") at a price of over $550 million. Driven by a single-minded desire to increase their share of the lucrative Certificates market and the considerable profits generated by it, the Debtor and the other ResCap entities created and marketed Certificates backed by hundreds of thousands of defective mortgages.

10) The Allstate Entities acquired the Certificates pursuant to registration statements, prospectuses, prospectus supplements, free writing prospectuses, presentations, term sheets, customized spreadsheets, and other written materials prepared by Debtors (the "Offering Materials").[2] The Offering Materials used to sell the Certificates falsely claimed that the mortgages had been issued pursuant to rational, objective underwriting guidelines that would assess each borrower's ability to pay and the market value of the underlying properties. In addition, Debtors made similar representations to the Allstate Entities, both orally and in writing, when the Allstate Entities conducted their own diligence of the ResCap Debtors' loan

[2] Because of the volume of Offering Material, Claimant is not attaching such documents to this Proof of Claim but will make such materials available upon request.

underwriting processes. In fact, the loan originators, including certain of the ResCap Debtors, encouraged borrowers to falsify loan applications, pressured property appraisers to inflate home values, ignored obvious red flags in the underwriting process, and induced third-party loan originators to do the same. Unbeknownst to and hidden from acquirers like the Allstate Entities, the stated underwriting guidelines had been replaced by an undisclosed governing principle: ResCap Debtors would originate or acquire any loan that could be sold to third-party acquirers like the Allstate Entities through Certificates securitization, no matter how risky.

11) The Offering Materials also fraudulently misrepresented and concealed the actual credit quality of the mortgages by providing false quantitative data about the loans, thus masking the true credit risk of the acquisitions. As the ResCap Debtors knew, the true quality and value of the Certificates they were offering for sale depended on the credit quality of the mortgage loans underlying the Certificates. Acquirers like the Allstate Entities assessed the risk of acquiring Certificates based on quantitative, risk-related metrics regarding the loans backing the Certificates such as loan-to-value ("LTV") ratios, combined loan-to-value ("CLTV") ratios, and owner-occupancy statistics. These metrics are used to assess a borrower's ability to repay a loan as well as the likelihood of repayment. For acquirers, they are important measures of anticipated default rates and possible foreclosure recoveries in the mortgage pools. In the Offering Materials for every one of the Certificates at issue, the ResCap Debtors materially misrepresented this critical information and thus grossly understated the credit risk of the mortgage loans that backed these securities.

12) The ResCap Debtors' employed their misrepresentations not only to induce the Allstate Entities to acquire Certificates backed by shoddy loans, but also to engineer unduly positive credit ratings for these securities. The ResCap Debtors knew that acquirers like the

Allstate Entities required Certificates to meet stringent credit ratings criteria, and thus duped the rating agencies into rating the senior tranches of these securities AAA. The ResCap Debtors achieved this result by giving the rating agencies the same misrepresented data about loan characteristics and underwriting guidelines that they provided to the Allstate Entities. The rating agencies analyzed the Certificates performance based on this data which grossly understated the risks of the collateral pools. The ResCap Debtors then marketed the Certificates with the inflated ratings and misrepresented in the Offering Materials that the artificially high ratings were an accurate measure of their credit quality.

13) As outlined above, though the Debtors and certain of their affiliates were responsible for creating and marketing the Certificates, they are not the securities of the Debtors. The securities were issued by the non-affiliated, bankruptcy-remote trusts.

14) The Claimant is not an equity security holder of the Debtors; it has no contractual relationship with the Debtors; it does not hold any of the Debtors' corporate debt. If the Debtors had not misrepresented the nature of the RMBS certificates, the Claimant would not be pursuing direct claims against the Debtors in the Bankruptcy Cases. Because the RMBS certificates do not represent obligations of the Debtors, the Certificates are "of" the Trusts—not "of" the Debtors. Indeed, the Offering Materials confirm, on the first page, that (a) the non-debtor trusts were the "issuing entit[ies]"; and (b) that the certificates "represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of" any of the Debtors or their affiliates.

15) Nor can the claim herein be subordinated on the theory that the trusts are "affiliates" of the Debtors. None of the debtors hold the voting stock of the trusts, none of the trusts hold the voting stock of the Debtors, none of the Debtors operated any trust's business or

substantially all of any trust's property under a lease or operating agreement, and none of the trusts operated the business or substantially all of the property of any ResCap Debtor under a lease or operating agreement.

16) Including without limitation because the Certificates were issued by, and represent obligations only of, the unaffiliated trusts, Claimant's claims set forth in this Proof of Claim are not subject to subordination under Bankruptcy Code section 510(b).

Additional Provisions

17) Claimant reserves the right to file proofs of claim for administrative expenses, other claims entitled to priority, proofs of interest and proofs of claim against other parties, including, but not limited to, other ResCap Debtors.

18) Claimant reserves the right to amend this Proof of Claim, including the right to supplement this Proof of Claim through submission of additional documents supporting its claims and additional documents that may become available after further investigation and discovery.

19) By filing this proof of claim, Claimant does not waive, and specifically preserves, its respective procedural and substantive defenses to any claim that may be asserted against Claimant by any of the ResCap Debtors, by any trustee of the ResCap Debtors' estates, by any official committee appointed in these cases or by any other person or entity.

20) The filing of this proof of claim shall not constitute: (a) a waiver or release of the rights of Claimant against any of the ResCap Debtors or any other person or property; (b) a waiver of the right of Claimant to contest the jurisdiction of the United States Bankruptcy Court for the Southern District of New York with respect to the subject matter of the claim asserted in this Proof of Claim, any objection or other proceeding commenced with respect thereto or any

other proceeding commenced in this case against or otherwise involving Claimant; or (c) an election of remedies or choice of law.

21) This proof of claim shall not be deemed to be a waiver of Claimant's rights to: (a) have final orders in noncore matters entered only after *de novo* review by a District Court judge; (b) trial by a jury in any proceeding so triable in these cases or any case, controversy or proceeding related to these cases; (c) have a District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal; (d) arbitrate existing or future claims or disputes; or (e) any other rights, claims, actions, defenses, set-offs or recoupments to which Claimant is or may be entitled, in law or in equity, all of which rights, claims, actions, defenses, set-offs and recoupments Claimant expressly reserves.

22) Claimant does not waive any right or rights of action that it has or may have against the Debtor, any of the other ResCap Debtors or any other person.

23) By filing this Proof of Claim, Claimant does not submit to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim. Clamants expressly reserves any and all jury trial rights associated with the claims asserted in the Complaint.

24) This Proof of Claim is not intended to be, and shall not be construed as, (i) an election of remedies, (ii) a waiver of any defaults or (iii) a waiver or limitation of any rights, remedies, claims or interests of Claimant.

25) This Proof of Claim is in addition to any other request for payment or proof of claim filed or to be filed by Claimant in this Bankruptcy Case.

26) This Proof of Claim is made without prejudice to Claimant's rights under the Bankruptcy Code or otherwise, including, but not limited to, the right to vote on any chapter 11 plan or plans of the Debtors.

27) Claimant reserves the right, in accordance with Court orders and procedures, to amend, modify and/or supplement this Proof of Claim, and/or to file additional claims from time to time as may be necessary or appropriate, including, without limitation, any amendment, modification and/or supplement of the Claim with respect to principal, pre-petition interest, post-petition interest, legal fees and other expenses, or additional obligations acquired by Claimant after the filing of this Proof of Claim.

28) All notices and communications concerning this Proof of Claim should be addressed as follows:

Dan Brocket
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010

Exhibit 20

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 5060, filed by MassMutual, on Nov. 15, 2012 (without exhibits)

B 10 Modified (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: Residential Accredit Loans, Inc., Case No. 12-12052

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) may be filed pursuant to 11 U.S.C § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
Massachusetts Mutual Life Insurance Company

☐ Check this box if this claim amends a previously filed claim.

Court Claim Number:_____ (*If known*)

Filed on:_____

Name and address where notices should be sent:

Jennifer J. Barrett
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010

☒ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: 212-849-7000 email: jenniferbarrett@quinnemanuel.com

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

Name and address where payment should be sent (if different from above):

Eleanor P. Williams
Assistant Vice President and Counsel
Massachusetts Mutual Life Insurance Company
1295 State Street
Springfield, Massachusetts 01111

Telephone number: 413-744-5399 email: ewilliams@massmutual.com

1. Amount of Claim as of Date Case Filed: $ See attached

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☒ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: See attached
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3b. Uniform Claim Identifier (optional):**
____	N/A (See instruction #3a)	N/A (See instruction #3b)

4. Secured Claim (See instruction #4)

Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other

Describe:

Value of Property: $_____ **Annual Interest Rate**_____ % ☐ Fixed ☐ Variable (when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured:** $_____

6. Claim Pursuant to 11 U.S.C. § 503(b)(9):

Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$_____ (See instruction #6)

7. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

8. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evit' *definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED

If the documents are not available, please explain:

12120521211150000000000013

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4).

☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11U.S.C. §507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(__).

Amount entitled to priority:

$_____

* *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

9. Signature: (See instruction #9) Check the appropriate box.

☒ I am the creditor. ☐ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Eleanor P. Williams
Title: Assistant Vice President and Counsel
Company: Massachusetts Mutual Life Insurance Company
Address and telephone number (if different from notice address above):

Eleanor P. Williams 11/13/12
(Signature) (Date)

Telephone number: 413-744-5399 Email: ewilliams@massmutual.com

RECEIVED
NOV 15 2012
KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

In re Residential Accredit Loans, Inc.

Case No. 12-12052 (MG)

ATTACHMENT TO PROOF OF CLAIM OF MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

Background

1. On May 14, 2012 (the "Petition Date"), Residential Capital, LLC ("Residential Capital") and certain of its affiliates and subsidiaries (collectively with Residential Capital, the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), commencing cases that have been consolidated in case numbered 12-12020 (MG) (the "Bankruptcy Case"). On August 29, 2012, the Bankruptcy Court entered an order establishing November 9, 2012 as the deadline for filing proofs of claim in the Bankruptcy Case [Dkt. No. 1309]. On November 7, 2012, the Bankruptcy Court entered an order extending the deadline for filing proofs of claim in the Bankruptcy Case to November 16, 2012 [Docket No. 2093].

2. Massachusetts Mutual Life Insurance Company ("MassMutual") is a Massachusetts mutual life insurance company with its principal place of business in Springfield, Massachusetts.

3. MassMutual is filing this Proof of Claim in order to set forth and preserve its non-subordinated general unsecured claims against Residential Accredit Loans, Inc. ("RALI").[1] The asserted claims of MassMutual arise from the sale of residential mortgage-

[1] MassMutual also asserts claims against Residential Funding Company, LLC, f/k/a Residential Funding Corporation ("RFC"), Residential Asset Mortgage Products, Inc. ("RAMP"), and Residential Asset Securities Corporation ("RASC"), and is submitting proofs of

backed securities (the "Certificates") to MassMutual that were issued by non-Debtor securitization trusts (the "Trusts") formed by the Responsible Debtors. The Certificates held by MassMutual were generated from 18 separate securitizations of residential mortgage loans. RALI was the depositor in 10 of the 18 securitizations. A table setting forth the particulars of the 10 securitizations and the Certificates purchased by MassMutual is set forth below:

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RALI Series 2005-QO3 , Class A1	Residential Accredit Loans, Inc. Series 2005-QO3	23,544,062.50	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2005-QO4, Class 2A1	Residential Accredit Loans, Inc. Series 2005-QO4	25,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO1, Class 3A1	Residential Accredit Loans, Inc. Series 2006-QO1	50,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)

claim against each. RALI, RFC, RAMP, and RASC are defined herein as the "Responsible Debtors."

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RALI Series 2006-QO3, Class A1	Residential Accredit Loans, Inc. Series 2006-QO3	45,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO4, Class 2A1	Residential Accredit Loans, Inc. Series 2006-QO4	40,050,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO5, Class 2A1	Residential Accredit Loans, Inc. Series 2006-QO5	36,094,500.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QO6, Class A2	Residential Accredit Loans, Inc. Series 2006-QO6	6,000,000.00	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2006-QA6, Class A2 and Class A3	Residential Accredit Loans, Inc. Series 2006-QA6	27,113,752.75	Residential Funding Corporation (Sponsor) Residential Accredit Loans, Inc. (Depositor)

Asset	Full Name of Offering	Purchase Price	Seller Defendants
RALI Series 2006-QO9, Class M8	Residential Accredit Loans, Inc. Series 2006-QO9	4,927,018.59	Residential Funding Company, LLC (Sponsor) Residential Accredit Loans, Inc. (Depositor)
RALI Series 2007-QH6, Class A1	Residential Accredit Loans, Inc. Series 2007-QH6	15,808,017.00	Residential Funding Company, LLC (Sponsor) Residential Accredit Loans, Inc. (Depositor)
TOTAL		273,537,350.84	

4. MassMutual has suffered significant damages as a result of the purchase of these Certificates, and asserts a claim against RALI of not less than $196,500,000.00 based on RALI's role as an offeror and seller of the Certificates. This amount is based on the statutory recovery provided under the Massachusetts Uniform Securities Act, which is the amount MassMutual paid for the securities, plus interest at 6% per year, plus costs and attorneys' fees, less any income or payment received on the securities.

5. MassMutual asserts a claim against RALI for (a) accrued and unpaid pre-petition interest, in an amount to be determined, as allowed under the Massachusetts Uniform Securities Act, (b) accrued and unpaid post-petition interest in an amount to be determined, to the extent permitted under bankruptcy law, and (c) all unpaid fees and costs incurred by MassMutual (including attorneys' fees) permitted under Massachusetts law, including such fees and costs incurred after the Petition Date.

6. The amounts of all payments received prior to the Petition Date in respect of the claims asserted in this Proof of Claim have been credited and deducted for the purposes of making this Proof of Claim. In calculating the principal amount of this Proof of Claim, the claims set forth herein are not subject to any setoff, counterclaim or right of recoupment.

7. On February 9, 2011, MassMutual commenced a civil action (the "District Court Action") in the United States District Court for the District of Massachusetts (the "District Court") against the Responsible Debtors and certain other parties in connection with the sale of the Certificates to MassMutual. A copy of the complaint filed in the District Court Action is attached hereto as **Exhibit A**. On February 14, 2012, the District Court entered an order granting in part a motion to dismiss claims. A copy of the dismissal order is attached hereto as **Exhibit B**. The District Court's interlocutory order dismissed MassMutual's claims against the Responsible Debtors, and MassMutual reserves the right to seek reversal of the dismissal order on appeal. Because that order is not a final order, MassMutual is submitting this Proof of Claim to preserve such claims against all of the Responsible Debtors.

Basis for Claims

8. The Certificates were sold to MassMutual pursuant to offering materials prepared and issued by the Responsible Debtors (collectively the "Offering Materials") that contained untrue statements and omissions of material facts, in violation of the Massachusetts Uniform Securities Act, Mass. Gen. Laws ch. 110A, § 410(a)(2).

9. The factual allegations setting for the bases of MassMutual's claims are set forth in Exhibit A hereto, and are incorporated by reference.

10. As outlined above, although the Responsible Debtors and certain of their affiliates were responsible for creating and marketing the Certificates, the Certificates are not the

securities of the Debtors. The Certificates were issued by bankruptcy-remote trusts that are not "affiliates" as that term is defined in the Bankruptcy Code.

11. MassMutual is not an equity security holder of the Debtors; it has no contractual relationship with the Debtors; it does not hold any of the Debtors' corporate debt. If the Responsible Debtors had not misrepresented the nature of the Certificates, MassMutual would not be pursuing direct claims against the Responsible Debtors in the Bankruptcy Case. Because the Certificates do not represent obligations of the Debtors, the Certificates are "of" the Trusts—not "of" the Debtors. Indeed, the Offering Materials confirm, on the first page, that (a) the non-debtor Trusts were the "issuing entit[ies]"; and (b) the Certificates "represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of" any of the Debtors or their affiliates.

12. The claims herein cannot be subordinated on the theory that the Trusts are "affiliates" of the Debtors. None of the Debtors holds the voting stock of the Trusts, none of the Trusts holds the voting stock of the Debtors, none of the Debtors operated any Trust's business or substantially all of any Trust's property under a lease or operating agreement, and none of the Trusts operated the business or substantially all of the property of any Debtor under a lease or operating agreement.

13. Because, inter alia, the Certificates were issued by, and represent obligations only of, the unaffiliated Trusts, MassMutual's claims set forth in this Proof of Claim are not subject to subordination under Bankruptcy Code section 510(b).

Additional Information

14. Except with respect to the interlocutory dismissal order, no judgment has been rendered in respect of the claims asserted in this Proof of Claim.

15. By filing this Proof of Claim, MassMutual does not submit to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim.

16. This Proof of Claim is not intended to be, and shall not be construed as, (i) an election of remedies, (ii) a waiver of any defaults, or (iii) a waiver or limitation of any rights, remedies, claims or interests of MassMutual against the Debtors or any third party.

17. MassMutual does not waive any right or rights of action that it has or may have against any of the other Debtors, or any other person or entity.

18. This Proof of Claim is in addition to any other request for payment or proof of claim filed or to be filed by or on behalf of MassMutual in the Bankruptcy Case.

19. This Proof of Claim is made without prejudice to MassMutual's rights under the Bankruptcy Code or otherwise, including, but not limited to, the right to vote on any chapter 11 plan or plans of the Debtors.

20. MassMutual, as a holder of Certificates, and as a holder of other residential mortgage-backed securities other than the Certificates (the "Additional Certificates") issued by non-Debtor securitization trusts formed by the Responsible Debtors other than the Trusts (the "Additional Trusts"), reserves the right to amend this Proof of Claim to assert claims that would otherwise be asserted for the benefit of the holders of the Certificates and the Additional Certificates by the indenture trustees or any other trustees of the Trusts and the Additional Trusts.

21. MassMutual further reserves the right to assert against the Debtors any claims that would otherwise be asserted by the indenture trustees or trustees of securitization trusts formed by parties other than the Debtors that issued certificates held by MassMutual, the

payment of which are secured in part by payments under residential mortgage-backed securities originated or sponsored by the Debtors.

22. To the extent that MassMutual asserts any contingent or unliquidated claim herein, MassMutual reserves its rights to seek estimation of such claim under section 502(c) of the Bankruptcy Code.

23. By filing this Proof of Claim, MassMutual does not waive, and specifically preserves, its respective procedural and substantive defenses to any claim that may be asserted against MassMutual by the Debtors or by any other party or group. MassMutual expressly preserves all of its right to rescission, indemnity, contribution and subrogation. Nothing herein shall be construed as an admission that any claim or cause of action exists against MassMutual.

24. MassMutual expressly reserves all of its rights to amend, modify, and/or supplement this Proof of Claim, and/or to file additional claims from time to time as may be necessary or appropriate, including, without limitation, any amendment, modification, and/or supplement of this Proof of Claim with respect to professional fees, expenses, and other amounts that accrue or are incurred in the future, the classification, nature or status of the Proof of Claim asserted herein, or additional obligations acquired by MassMutual after the filing of this Proof of Claim. MassMutual reserves the right to attach or bring forth additional documents supporting its claims and additional documents that may become available after further investigation and discovery.

25. This Proof of Claim shall not be deemed to be a waiver of MassMutual's rights to: (a) have final orders in non-core matters or certain core matters in accordance with the Supreme Court decision in Stern v. Marshall, —— U.S. ——, 131 S.Ct. 2594 (2011), entered

only after de novo review by a United States District Court judge; (b) trial by a jury in any proceeding so triable in this case or any case, controversy or proceeding related to this case; (c) have the United States District Court for the Southern District of New York withdraw the reference in any matter subject to mandatory or discretionary withdrawal; (d) arbitrate existing or future claims or disputes; or (e) any other rights, claims, actions, defenses, setoffs, or recoupments to which MassMutual is or may be entitled, in law or in equity, all of which rights, claims, actions, defenses, setoffs, and recoupments MassMutual expressly reserves.

26. All notices and communications concerning this Proof of Claim shall be addressed as follows:

Massachusetts Mutual Life Insurance Company
Attn: Eleanor P. Williams
1295 State Street
Springfield, Massachusetts 01111
Tel: 413-744-5399
Fax: 413-226-4268

Quinn Emanuel Urquhart & Sullivan, LLP
Attn: Jennifer J. Barrett
51 Madison Avenue
New York, NY 10010
Tel: 212-849-7000
Fax: 212-849-7100

Quinn Emanuel Urquhart & Sullivan, LLP
Attn: Harry Olivar
865 South Figueroa Street, 10th Floor
Los Angeles, CA 90066
Tel: 213-443-3600
Fax: 213-443-3176

Exhibit 21

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 5123, filed by Prudential, on Nov. 15, 2012

B 10 Modified (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: Residential Funding Company, LLC, Case No. 12-12019

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. § 503(b)(9)) may be filed pursuant to 11 U.S.C § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
The Prudential Insurance Company of America

☐ Check this box if this claim amends a previously filed claim.

Court Claim Number:_____ (*If known*)

Filed on:_____

Name and address where notices should be sent:

Eric D. Winston
Quinn Emanuel Urquhart & Sullivan, LLP
865 S. Figueroa Street, 10th Floor
Los Angeles, CA 90017

■ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: 213-443-3000 email: ericwinston@quinnemanuel.com

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

Name and address where payment should be sent (if different from above):

The Prudential Insurance Company of America
751 Broad Street
Newark, NJ 07102

Telephone number: (973) 367-3521 email: ramsay.lewis@prudential.com

1. Amount of Claim as of Date Case Filed: $ See Attached

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: See Attached
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3b. Uniform Claim Identifier (optional):**
____ ____ ____ ____	N/A (See instruction #3a)	N/A (See instruction #3b)

4. Secured Claim (See instruction #4)

Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____ **Annual Interest Rate**_____% ☐ Fixed ☐ Variable
(when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured:** $_____

6. Claim Pursuant to 11 U.S.C. § 503(b)(9):

Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$_____ (See instruction #6)

7. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

8. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. *(See instruction #8, and the definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor. ■ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Dan Brockett
Title: Attorney for The Prudential Insurance Company of America
Company: Quinn Emanuel Urquhart & Sullivan, LLP

Dan Brockett 11/14/12
(Signature) (Date)

Address and telephone number (if different from notice address above):
51 Madison Avenue, 22nd Floor, New York, NY 10010
51 Madison Avenue, 22nd Floor, New York, NY 10010
Telephone number: 213-849-7000 Email: danbrockett@quinnemanuel.com

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).
☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4).
☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).
☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).
☐ Taxes or penalties owed to governmental units – 11U.S.C. §507 (a)(8).
☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(__).

Amount entitled to priority:

$_____

* *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

RECEIVED
NOV 15 2012
KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 1[illegible]



The Prudential Insurance Company of America. against Residential Funding Company, LLC

Case No. 12-12019 (MG)

Introduction

1) On May 14, 2012 (the "Petition Date"), Residential Capital, LLC ("ResCap") and its affiliated debtors and debtors in possession in the above-referenced cases (collectively, including the Debtor (as defined below), the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for Southern District of New York (the "Bankruptcy Court"), commencing cases that have been consolidated in Case No. 12-12020 (MG) (the "Bankruptcy Cases").

2) The Prudential Insurance Company of America ("Claimant") hereby asserts against Residential Funding Company, LLC (f/k/a Residential Funding Corporation) (the "Debtor") non-subordinated general unsecured claims that arise from misrepresentations in offering materials related to Claimant's acquisition of 68 residential mortgaged-backed certificates ("Certificates") issued by non-Debtor securitization trusts (the "Trusts") formed by, but not affiliated with, the Debtors.

3) Claimant has suffered significant damages as a result of the acquisition of these Certificates, and asserts a claim against Debtor of at least the total of the following amounts, which represent losses on each of the Certificates at issue (to the extent permitted under applicable law, Claimant reserves the right to assert rescission as a remedy):

RMBS Certificate	Losses (as of 11/30/2011)[1]
RAMP 2004-RS10, MII2	$584,493.53
RAMP 2004-RS10, MII2	$9,351,896.53
RAMP 2004-RS12, MII2	$40,329.95

[1] Claimant's losses are as of November 30, 2011, with the exception of the losses for RAMP 2006-RZ4, RASC 2004-KS9, and RFMS2 2005-HI1, which are as of M 31, 2012.

RAMP 2004-RS12, MII2	$59,423.27
RAMP 2004-RS12, MII2	$237,693.05
RAMP 2004-RS12, MII2	$297,116.28
RAMP 2004-RS12, MII2	$355,852.53
RAMP 2004-RS12, MII4	$2,087,520.56
RAMP 2004-RS2, MII1	$276,630.94
RAMP 2004-RS2, MII1	$276,630.94
RAMP 2004-RS9, MII2	$332,895.94
RAMP 2004-RS9, MII2	$812,300.60
RAMP 2004-RS9, MII2	$1,418,196.93
RAMP 2004-RZ3, AI4	$229,601.77
RAMP 2005-EFC1, M2	$281,612.25
RAMP 2005-EFC1, M2	$281,612.25
RAMP 2005-EFC1, M2	$1,498,848.00
RAMP 2005-EFC1, M2	$1,604,055.60
RAMP 2006-EFC2, A4	$1,845,135.69
RAMP 2006-RZ2, M1	$1,321,887.32
RAMP 2006-RZ3, A2	$1,576,815.44
RAMP 2006-RZ3, A2	$1,576,815.44
RAMP 2006-RZ4, A3	$439,292.97
RAMP 2006-RZ4, A3	$1,350,078.72
RAMP 2006-RZ4, A3	$1,641,859.18
RAMP 2007-RS2, A2	$611,354.99
RAMP 2007-RS2, A2	$3,056,775.00
RAMP 2007-RS2, A2	$3,056,775.01
RASC 2004-KS9, AII3	$51,572.35
RASC 2004-KS9, AII3	$978,377.05
RASC 2005-AHL3, M1	$3,193,382.37
RASC 2005-KS10, M2	$917,702.08
RASC 2005-KS10, M2	$1,773,841.43
RASC 2005-KS8, M2	$656,199.67
RASC 2005-KS8, M2	$820,249.55
RASC 2005-KS8, M3	$773,139.94
RASC 2005-KS8, M3	$1,159,716.83
RASC 2006-EMX7, A4	$393,770.46
RASC 2006-EMX7, A4	$2,756,393.20
RASC 2006-EMX9, 1A2	$892,194.59
RASC 2006-EMX9, 1A2	$919,950.49
RASC 2006-KS3, AI4	$936,153.00
RASC 2006-KS3, AI4	$6,865,122.00
RASC 2006-KS3, M2	$4,302,679.31
RASC 2006-KS4, A4	$193,198.87
RASC 2006-KS4, A4	$1,352,392.12
RASC 2007-KS2, AI2	$3,853,298.59
RASC 2007-KS2, AI2	$3,973,306.54
RASC 2007-KS2, AI3	$3,384,679.55
RASC 2007-KS2, AI3	$6,769,359.00
RASC 2007-KS2, AI3	$10,154,038.46
RASC 2007-KS3, AI2	$618,795.00

RASC 2007-KS3, AI2	$638,071.30
RASC 2007-KS3, AI2	$3,916,424.08
RASC 2007-KS3, AI2	$4,038,425.92
RASC 2007-KS4, A3	$1,925,448.04
RASC 2007-KS4, A3	$13,409,369.96
RASC 2007-KS4, A4	$1,000,590.97
RFMS2 2005-HI1, A5	$575,854.99
RFMS2 2005-HI1, A5	$1,664,798.61
RFMS2 2005-HS1, AI5	$264,117.57
RFMS2 2005-HS1, AI5	$2,075,209.51
RFMS2 2005-HS2, AI5	$150,110.67
RFMS2 2005-HS2, AI5	$278,776.95
RFMS2 2005-HS2, AI5	$397,101.38
RFMS2 2005-HS2, AI5	$771,997.56
RFMS2 2006-HI2, A4	$4,058,508.38
RFMS2 2006-HI3, A4	$5,985,028.74

4) In addition, Claimant asserts a claim against the Debtor for (a) accrued and unpaid prepetition interest in an amount to be determined, (b) attorneys' fees and costs to the extent permitted under applicable nonbankruptcy law, and accrued and unpaid postpetition interest to the extent permitted under the Bankruptcy Code, and (c) punitive damages, to the extent permitted under applicable law.

5) The amount of all payments received prior to the Petition Date in respect of the claims asserted in this Proof of Claim has been credited and deducted for the purposes of making this Proof of Claim. In calculating the principal amount of this Proof of Claim, the claims set forth herein are not subject to any setoff, counterclaim or right of recoupment.

6) No judgment has been rendered in respect of the claims asserted in this Proof of Claim. Claimant has undertaken substantial diligence to establish the strength and amount of its claims against the Debtor.

Basis for the Claim

7) ***Overview.*** The Claims are for common law fraud, fraudulent inducement, aiding and abetting fraud, and violations of the Minnesota Consumer Fraud Act, 1963 Minn. Laws 842 (codified at Minn. Stat. Ann. § 325F.68-.70).

8) This action arises out of the Debtor's fraudulent sale of residential mortgage-backed securities ("RMBS") in the form of pass-through certificates to Claimant. The Debtors were collectively engaged in the business of, among other things, originating and acquiring residential mortgage loans and selling those loans through securitization programs. As part of that process, the Debtor made or authorized many statements to acquirers, including by way of registration statements, prospectuses, prospectus supplements, free writing prospectuses, presentations, term sheets, customized spreadsheets, and other written materials (the "Offering Materials").[2] The Debtor, along with its affiliates and the non-affiliated trust, determined and approved the structure of the securitizations (such as the form the securitization would take, how the principal and interest would be allocated), determined and approved the manner in which the depositors and the trusts sold the related Certificates, controlled the disclosures made in connection with the related securitizations, and provided key data to the credit rating agencies. The Debtors, along with other non-debtor entities, had joint responsibility for preparing the Offering Materials that were used to solicit the Claimant's acquisition of the Certificates, and were identified prominently throughout the Offering Materials—including on the first page of the Prospectuses and Prospectus Supplements. The Debtor worked collectively with others to market and sell the Certificates, and profited from the sales.

[2] Because of the volume of Offering Material, Claimant is not attaching such documents to this Proof of Claim but will make such materials available upon request.

9) In its role as one of the "speakers" in the Offering Materials, the Debtor made many false statements of material fact, and fraudulently omitted other material information, including with respect to the features of the mortgage loans underlying the Certificates (the "Mortgage Loans"). For instance:

a. ***Underwriting guidelines.*** The Offering Materials for the Certificates represented that the loans were originated according to certain underwriting guidelines. These guidelines were purportedly intended to ensure that only loans that the borrower could repay would be included in the pools underlying the Certificates. In fact, the Debtors (and their non-debtor affiliates) knew that lenders had systematically abandoned the stated underwriting guidelines, producing loans without regard to the likelihood of repayment. Confidential witness testimony confirms that senior executives at the Debtors' affiliated lender were trained on how to manipulate the data fed into the system (including by submitting as many as twenty-five different applications) until the loan was approved. It also confirms underwriters within the Debtors would review files to determine if they could be "tweaked" enough to get a loan approved—including by making undocumented assumptions about the borrower's debt-to-income ratios. It is not surprising, then, that recent reviews of the Debtors' loan files by their own insurers revealed a pervasive lack of proper documentation, facially absurd (yet unchecked) claims about the borrower's purported income, and the routine use of at least three different programs that circumvented the underwriting guidelines altogether.

b. ***Purpose and Use of Exceptions.*** Similarly, the Offering Materials represented that loans that did not meet certain criteria were approved as "exceptions" only if the loans showed countervailing features that "made up" for negative aspects of the risk profile. In

fact, "exceptions" were not based on legitimate compensating factors, and instead were used as a way to increase loan volume by circumventing the applicable underwriting guidelines.

c. ***Owner-Occupancy Statistics.*** The Offering Materials made specific representations regarding the percentage of borrowers who would be occupying the property being mortgaged—a key risk metric given that borrowers are less likely to walk away from properties they live in, as compared to properties being used as a vacation home or as an investment. Analytical tools recently made available to acquirers confirm that, in truth, of the loans underlying the Certificates, a far greater percentage than that represented by the Debtors were given to borrowers who did not live in the homes that secured the mortgages in question.

d. ***Loan-to-Value Ratios and Appraisal Representations.*** The Offering Materials represented that the loans had specific loan-to-value ("LTV") and combined loan-to-value ("CLTV") ratios. The LTV and CLTV ratios represent the size of the borrower's obligation as compared to the value of the property being used as collateral. The CLTV is the LTV after all loans are considered, not just the first mortgage. These are important risk metrics, because borrowers who have substantial equity in their homes are less likely to default. Additionally, the larger the equity "cushion" that borrowers have, the greater the likelihood of repayment to lenders upon foreclosure. The Offering Materials also represented that the appraisals would be the product of a specifically described appraisal process, using certain stated standards. Analytical tools recently made available to acquirers confirm that the Offering Materials vastly overstated the value of the collateral being included in the loan pools, and hid additional liens that had been placed on the properties. Confidential witness testimony confirms that the Debtors were relying on facially absurd "comp" calculations—such as treating a house on a canal the same as a beach house—and were relying on arbitrary comp 'mark-ups' which

could increase the purported value by as much as 25%. It also confirms that certain appraisers submitted the same exact analysis for every application—indicating no investigative work was actually being done—yet those companies' appraisals were still approved for use in these calculations.

e. ***Credit Ratings.*** The Debtors fed the rating agencies the same false data discussed herein. Because the quality of the credit ratings is only as good as the quality of the data given to the agencies, this rendered the Debtors' representations regarding the credit ratings false and misleading.

f. ***Assignment of Mortgage Loans to the Trusts.*** The Offering Materials represented (a) that the underlying Mortgage Loans had been validly assigned to the RMBS trusts (the "Trusts") that issued the Certificates (or to MERS), and (b) that the Trusts, acting through loan servicers or the trustees, would have the ability to foreclose in the event of borrower defaults on the loans. But in fact, as reflected in Claimant's loan-level analysis, the Debtors did not actually assign a great number of the Mortgage Loans to either the Trusts or to MERS. And even among those that were assigned to the Trusts, many were not *properly* assigned, as represented in the Offering Materials.

10) Claimant acquired the Certificates sold in reliance on the representations regarding the quality of the Certificates and the Mortgage Loans. Those representations were false, and the Debtor knew they were false. In addition, the Offering Materials were known by the Debtor to be replete with fraudulent omissions. For instance, it is a fraudulent omission to provide data purporting to describe the loans, without disclosing that it is known to be not reasonably related to the true nature of the loans, and without disclosing that the underwriting guidelines were not actually followed.

11) The Debtor's misconduct has caused Claimant to incur significant losses. While paying for Certificates with a specific risk profile, it in fact received Certificates backed by Mortgage Loans with features far inferior to what was misrepresented. That Claimant was damaged is evidenced by the clear and foreseeable relationship between a loan's features, its risk of default, and the resulting value of the security that loan backs. That the Debtors' fraud damaged Claimant is also evidenced by, but is not necessarily limited to a measurement by, the fact that the Certificates' market value has plummeted.

12) Some of the evidence of knowing falsity is summarized below. Without even reaching the confidential witness allegations, one Minnesota District Court has already found allegations similar to those Claimant makes here to adequately allege that the Debtors acted with *scienter* in connection with its sale of residential mortgage backed securities. *See Allstate Ins. Co. v. GMAC Mortg., LLC*, No. 27-cv-11-3480 (Minn. D. Ct. Nov. 28, 2011)

13) ***Evidence of Fraud: A Multi-Dimensional Forensic Analysis of the Loans Directly at Issue.*** Although Claimant still does not have access to the loan files for the Mortgage Loans, it has been able to test the Offering Materials' representations regarding the Certificates. Using techniques, methodologies, and data that only recently became available to acquirers like Claimant, Claimant examined the accuracy of the risk metrics presented in the Offering Materials for many of the Mortgage Loans.

14) As discussed below, Claimant's analysis was not limited to just the Offerings at issue in this claim, but was consistent across all of the Debtors-related Offerings. The consistency and size of these misrepresentations across the tested Offerings confirms that the abandonment of sound underwriting practices within the Mortgage Loans and the certificates was systematic.

15) For instance, Claimant's loan-level analysis found that the Offering Materials consistently inflated the portion of the properties that were purportedly occupied by the borrowers:[3]

Asset	Percentage of Owner-Occupied Properties in Prospectus	Actual Percentage of Owner-Occupied Properties	Prospectus Overstatement
RAMP 2004-RS2, II-A / II-B	97.19% / 98.94%	85.24% / 86.08%	11.95% / 12.86%
RAMP 2004-RS9	94.37%	83.33%	11.04%
RAMP 2004-RS10	95.41%	85.39%	10.02%
RAMP 2004-RS12	90.47%	79.98%	10.49%
RAMP 2004 RZ3	82.78%	73.76%	9.02%
RAMP 2005-EFC1, Gr. I / II	97.56% / 95.86%	86.44% / 85.12%	11.12% / 10.74%
RAMP 2006-EFC2	93.48%	83.01%	10.47%
RAMP 2006-RZ2	70.34%	61.20%	9.14%
RAMP 2006-RZ3	80.13%	71.32%	8.81%
RAMP 2006-RZ4	84.09%	74.50%	9.59%
RAMP 2007-RS2	64.07%	56.45%	7.62%
RASC 2004-KS9	93.50%	84.62%	8.88%
RASC 2005-AHL3	89.22%	76.28%	12.94%
RASC 2005-KS8	93.29%	84.15%	9.14%
RASC 2005-KS10, Gr. I / II	88.55% / 94.42%	79.87% / 87.06%	8.68% / 7.36%
RASC 2006-EMX7	95.08%	81.01%	14.07%
RASC 2006-EMX9	92.92%	80.19%	12.73%
RASC 2006-KS3, Gr. I	93.59%	82.17%	11.42%
RASC 2006-KS4	92.84%	83.83%	9.01%
RASC 2007-KS2	90.95%	80.40%	10.55%
RASC 2007-KS3	92.77%	82.84%	9.93%
RASC 2007-KS4	91.85%	80.64%	11.21%
RFMSII 2005-HI1	100%	92.60%	7.40%
RFMSII 2005-HS1	96.58%	86.73%	9.85%
RFMSII 2005-HS2, Gr. I	92.70%	82.13%	10.57%
RFMSII 2006-HI2	99.96%	93.66%	6.30%
RFMSII 2006-HI3	99.98%	92.48%	7.50%

16) The consistency of these results shows that the divergence between the Debtors' representations and reality was not due to phenomena such as borrowers changing their mind about where to live. Instead, these results reflect the fact that the Debtors knew borrowers were

[3] The occupancy representations were tested by comparing the reported occupancy status as against related tax, credit, and property records that are now publically available. Because the property addresses were not known at the time—but only were only discoverable by acquirers years later, and even then through expensive "reverse engineering" processes—these cross-checks could not have been performed at the time of acquisition.

misrepresenting their intent to live at the property. The Debtors did so in order to maneuver the loans through an approval and securitization process that was represented to exclude such loans.

17) By way of another example, Claimant's loan-level analysis of many of the loans at issue here also found that the CLTV ratios were consistently under-reported, hiding the fact that the borrowers had far less (if any) equity in their homes.[4] This meant the loans were far riskier than the Offering Materials represented:

Asset	Percentage of Loans Represented to Have LTVs of 100% or Greater	Actual Percentage of Loans With LTVs of 100% or Greater	Prospectus Understatement of Percent of Loans Already Underwater
RAMP 2004-RS2, II-A / II-B	0.14% / 0.14%	53.88% / 64.76%	53.74% / 64.62%
RAMP 2004-RS9	0.15%	47.34%	47.19%
RAMP 2004-RS10	0.18%	55.58%	55.40%
RAMP 2004-RS12	0.61%	47.00%	46.39%
RAMP 2004 RZ3	61.40%	66.67%	5.27%
RAMP 2005-EFC1, Gr. I / II	0% / 0%	43.17% / 37.75%	43.17% / 37.75%
RAMP 2006-EFC2	0.04%	28.92%	28.88%
RAMP 2006-RZ2	11.03%	66.67%	55.64%
RAMP 2006-RZ3	8.25%	74.23%	65.98%
RAMP 2006-RZ4	8.99%	69.25%	60.26%
RAMP 2007-RS2	2.19%	56.48%	54.29%
RASC 2004-KS9	0%	19.70%	19.70%
RASC 2005-AHL3	0%	22.64%	22.64%
RASC 2005-KS8	0%	22.71%	22.71%
RASC 2005-KS10, Gr. I / II	0% / 0%	21.11% / 23.04%	21.11% / 23.04%
RASC 2006-EMX7	0%	22.01%	22.01%
RASC 2006-EMX9	0.04%	33.46%	33.42%
RASC 2006-KS3	0%	20.98%	20.98%
RASC 2006-KS4	0%	21.89%	21.89%
RASC 2007-KS2	0%	23.68%	23.68%
RASC 2007-KS3	0%	29.47%	29.47%
RASC 2007-KS4	0%	25.36%	25.36%

[4] The LTV, CLTV, and appraisal representations were tested by using the only-recently-available property addresses to apply an industry-standard Automated Valuation Model to the collateral properties. AVMs employ data similar to what appraisers use—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. The AVM Claimant used incorporates a database of 500 million mortgage transactions covering zip codes representing more than 97% of the homes, occupied by more than 99% of the population, in the United States. Independent testing services have determined that this AVM is the most accurate of all such models.

18) The same testing above also revealed that the reported CLTV statistics—which take into account additional liens on the property—were similarly false. Across multiple metrics—how many loans had below 80%, 90%, or 100% LTVs, how many loans had below 80%, 90%, or 100% LTVs, or even the weighted-average LTV and CLTV ratios, Claimant's loan-level analysis found the true risk metrics to be vastly different from those reported in the Offering Materials. For example, the weighted average CLTV ratio of the Mortgage Loans was consistently understated:

Asset	Represented Weighted Average CLTV	Actual Weighted Average CLTV	Prospectus Understatement
RFMSII 2005-HI1	117.07%	127.13%	10.06%
RFMSII 2005-HS1	92.57%	100.85%	8.28%
RFMSII 2005-HS2	93.04%	101.98%	8.94%
RFMSII 2006-HI2	117.82%	129.65%	11.83%
RFMSII 2006-HI3	118.19%	131.69%	13.50%

19) Not only were the appraisals used objectively false (as evidenced by the AVM data) but they were not subjectively believed, either. The consistency and size of these misrepresentations confirms that the Debtors, the originators, and the appraisers knew—such as, for instance, through the Debtors' access to the loan files and their ongoing due diligence processes—that the appraisals being used were not reasonable indicators of the properties' value, but were inflated figures generated to maneuver the loan through the approval and securitization process. That they were not believed is further supported by confidential witness testimony, testimony given in connection with the government's investigation into the causes of the economic crisis, and other facts discussed further below.

20) These results (and other facts discussed herein) also demonstrate that the factual representations relating to appraisal practices were false. For instance, independent appraisers following proper practices would not systematically generate appraisals that deviate so significantly (and so consistently upward) from the true values of the appraised properties.

Additionally, contrary to the representations in the Offering Materials, sales prices of comparable homes in the area were not used to determine the appraisal values. Instead, the data and other facts set forth herein support the conclusion that the properties chosen for analysis were not comparable in size or location but rather were selected to reach an inflated appraisal value—or the comparisons were ignored altogether.

21) Claimant's forensic analysis also looked at the status of the title of the loans. Contrary to their representations, Debtors did not properly assign large numbers of the Mortgage Loans to the Trusts. In their rush to securitize loans and thereby offload risky collateral onto acquirers such as Claimant, the Debtors did not comply with the strict rules governing assignment of mortgages and the transfer of promissory notes and loan files. The Debtors lost much of the paperwork relating to the Loans underlying the securitizations, or made no attempt to assign the Mortgage Loans and deliver the original mortgage notes to the issuing trusts, as represented. Claimant's review demonstrates: (a) how many Mortgage Loans are currently held by the RMBS trust; (b) how many are held in the MERS electronic-recording system; (c) how many are still held in the originator's name; and (d) how many were assigned to a third party. Loans that are still held by the originator, or were assigned to a third party other than the Trust or MERS, violate the Debtors' representations that the loans would be assigned to the Trust (or, in some cases, would be held by MERS).

Asset	Number of Loans Assigned to a Third Party (not including MERS)	Number of Loans Still Held in the Originator's Name	Percentage of Sampled Loans Assigned to a Third Party or Still Held in the Originator's Name
RAMP 2004-RS2	74	529	82.26%
RAMP 2004-RS9	71	59	17.98%
RAMP 2004-RS10	104	43	20.73%
RAMP 2004-RS12	76	42	16.50%
RAMP 2004-RZ3	40	60	14.20%
RAMP 2005-EFC1	81	29	16.59%
RAMP 2006-EFC2	77	16	14.05%

RAMP 2006-RZ2	82	20	17.00%
RAMP 2006-RZ3	116	15	21.62%
RAMP 2006-RZ4	103	10	18.49%
RAMP 2007-RS2	105	26	19.79%
RASC 2004-KS9	69	60	17.48%
RASC 2005-AHL3	116	15	19.49%
RASC 2005-KS8	115	25	21.97%
RASC 2005-KS10	110	47	23.50%
RASC 2006-EMX7	168	42	32.01%
RASC 2006-EMX9	192	37	31.89%
RASC 2006-KS3	86	19	16.54%
RASC 2006-KS4	92	20	18.54%
RASC 2007-KS2	86	17	16.43%
RASC 2007-KS3	78	17	14.53%
RASC 2007-KS4	77	27	15.27%
RFMSII 2005-HI1	15	62	12.09%
RFMSII 2005-HS1	22	85	14.48%
RFMSII 2005-HS2	23	79	13.99%
RFMSII 2006-HI2	22	30	8.33%
RFMSII 2006-HI3	9	18	4.26%

22) Even among Loans that were assigned to the Trusts, a large number are missing intervening assignments:

Asset	Number of Loans Assigned To a Trust (not including MERS)	Number of Loans Assigned To a Trust But Missing Intervening Assignments	Percentage Loans Assigned To a Trust But Missing Intervening Assignments
RAMP 2004-RS2	11	6	54.55%
RAMP 2004-RS9	26	19	73.08%
RAMP 2004-RS10	43	35	81.40%
RAMP 2004-RS12	41	30	73.17%
RAMP 2004-RZ3	12	7	58.33%
RAMP 2005-EFC1	76	50	65.79%
RAMP 2006-EFC2	100	70	70.00%
RAMP 2006-RZ2	46	30	65.22%
RAMP 2006-RZ3	103	79	76.70%
RAMP 2006-RZ4	78	55	70.51%
RAMP 2007-RS2	100	67	67.00%
RASC 2004-KS9	31	28	90.32%
RASC 2005-AHL3	67	52	77.61%
RASC 2005-KS8	83	57	68.67%
RASC 2005-KS10	97	62	63.92%
RASC 2006-EMX7	121	108	89.26%
RASC 2006-EMX9	142	127	89.44%
RASC 2006-KS3	106	71	66.98%
RASC 2006-KS4	95	64	67.37%
RASC 2007-KS2	125	79	63.20%

RASC 2007-KS3	133	90	67.67%
RASC 2007-KS4	86	67	77.91%
RFMSII 2005-HS1	3	3	100.00%
RFMSII 2005-HS2	4	4	100.00%
RFMSII 2006-HI2	10	7	70.00%
RFMSII 2006-HI3	1	1	100.00%

23) As illustrated above, Claimants' findings on the true owner-occupancy, LTV ratios, CLTV ratios, and status-of-title aspects of the loans at issue were not limited to just the Offerings at issue in this claim, but were consistent across all of the Debtors-related Offerings. The consistency and size of these misrepresentations across the tested Offerings confirms that the abandonment of sound underwriting practices within the Mortgage Loans and the Certificates were systematic. Loans generated in accordance with the stated underwriting guidelines would not so consistently come out the other end with vastly misrepresented risk features. Claimant's loan-level analysis thus not only reveals that these specific statistics were false and misleading, but also supports the conclusion that the Offering Materials' representations regarding the adherence to underwriting guidelines were false and misleading.

24) The seven Offerings (GMACM 2005-HE3, GMACM 2006-HE3, GMACM 2006-HE4, RASC 2005-EMX5, RASC 2005-KS7, RASC 2006-KS9, and RFMSII 2006-HSA4) and two relevant loan groups (RASC 2006-KS3, Group II and RFMSII 2005-HS2, Group II) which Claimant did not test involved many of the same affiliated parties, nearly identical disclosures, and both the underlying loans and the certificates themselves were being generated around the same time and purportedly according to the same processes. As such, on information and belief, the Offering Materials for GMACM 2005-HE3, GMACM 2006-HE3, GMACM 2006-HE4, RASC 2005-EMX5, RASC 2005-KS7, RASC 2006-KS9, and RFMSII 2006-HSA4, and the aggregate loans for RASC 2006-KS3 and RFMSII 2005-HS2 also likely misrepresented the owner-occupancy, LTV ratios, CLTV ratios, and status-of-title aspects of the loans at

approximately the same, material rate as seen in the large sample of certificates and Mortgage Loans discussed above.

25) ***Evidence of Fraud: Results of Loan-File Reviews By Others.*** Claimant does not have access to the "loan files" at issue. That such access would further reveal that a widespread abandonment of the stated underwriting guidelines had taken place is confirmed by the fact that forensic reviews by those who *do* have access to the loan files of GMAC and ResCap RMBS found such widespread problems. For instance, monoline insurer MBIA found that over 88% of the loan files of the defaulted or delinquent loans in certain GMAC/ResCap securitizations it analyzed contained material deviations from the stated underwriting guidelines. Similarly, Financial Guaranty Insurance Company found that between 55% and 79% of the loan files it reviewed contained material underwriting deviations. Both MBIA and FGIC have alleged that the Debtors *admitted* to them that the Debtors knew mortgage loan pools failed to comply with their guidelines.

26) ***Evidence of Fraud: Terrible loan performance.*** Claimant's Certificates have already experienced payment problems significantly beyond what could be expected for loan pools that were properly underwritten and which contained loans that actually had the characteristics presented in the Offering Materials.

Asset	Tranche	Loan Pool	Written-Off or Delinquent Loans as a Percentage of Original Loans
RAMP 2004-RS2	M-II-1	Groups II-A and II-B	19.7%
RAMP 2004-RS9	M-II-2	Group II	22.6%
RAMP 2004-RS10	M-II-2	Group II	24.1%
RAMP 2004-RS12	M-II-2, M-II-4	Group II	25.0%
RAMP 2004-RZ3	M-II-4	Group II	13.4%
RAMP 2005-EFC1	M2	Aggregate	23.1%
RAMP 2006-EFC2	A4	All loans (no groups)	46.0%
RAMP 2006-RZ2	M1	All loans (no groups)	39.6%
RAMP 2006-RZ3	A2	All loans (no groups)	48.1%
RAMP 2006-RZ4	A3	All loans (no groups)	49.2%

Asset	Tranche	Loan Pool	Written-Off or Delinquent Loans as a Percentage of Original Loans
RAMP 2007-RS2	A2	All loans (no groups)	55.0%
RASC 2004-KS9	A-II-3	Group II	14.5%
RASC 2005-AHL3	M1	All loans (no groups)	39.9%
RASC 2005-KS8	M2	All loans (no groups)	30.2%
RASC 2005-KS10	M2	Aggregate	35.3%
RASC 2006-EMX7	A4	All loans (no groups)	61.9%
RASC 2006-EMX9	A-I-2	Group I	64.1%
RASC 2006-KS3	A-I-4, M-2	Group I	42.9%
RASC 2006-KS4	A4	All loans (no groups)	42.0%
RASC 2007-KS2	A-I-2, A-I-3, A-I-4	Group I	55.8%
RASC 2007-KS3	A-I-2	Group I	54.5%
RASC 2007-KS4	A3, A4	All loans (no groups)	57.1%
RFMSII 2005-HI1	A5	All loans (no groups)	18.5%
RFMSII 2005-HS1	A-I-5	Group I	9.5%
RFMSII 2005-HS2	A-I-5	Group I	14.7%
RFMSII 2006-HI2	A4	All loans (no groups)	29.1%
RFMSII 2006-HI3	A4	All loans (no groups)	24.9%

27) Because of the systematic abandonment of underwriting standards and the resulting inclusion of toxic Mortgage Loans to back the Certificates, most of Claimant's GMAC/ResCap Certificates have been downgraded from the highest possible ratings to junk-bond ratings.

28) ***Evidence of Fraud: Confidential Witnesses From Within the GMAC/ResCap Securitization Enterprise.*** Though the unaffiliated Trusts issued the securities and represent the obligor on the certificates, the Debtors' securitization process operated as part of a single, vertically integrated whole. Thus, evidence of systemic abandonment within one part of the enterprise bears directly on whether the underwriting guidelines were followed here, regardless of what "hat" any particular employee wore at a particular point in time.

29) Confidential Witness 1 ("CW1") was a Senior Mortgage Operator within GMAC during 2004 and 2005. CW1's team was responsible for reviewing loan applications and files before closing, in order to approve GMAC's funding of the loan. CW1's job was "to make a loan look to be a much prettier package" than it really was. According to CW1, beginning in

2005 there was pressure to approve loans that did not meet guidelines, and that lacked any compensating features. Whereas things "made sense" before, according to CW1, room was made for a new supervisor that "threw all [CW1] knew out the window."

30) In addition to the explicit pressure, a change was made that CW1's underwriting team could no longer use other personnel to help complete and clear loan files. This led to additional time demands on the underwriters, causing underwriters to let missing paperwork (such as recent pay stubs) in the loan files slide in order to keep up with the expected turn times. Further, the policy was changed such that loan officers—who were paid by GMAC on commission—were allowed to contact underwriters directly, making the environment even more like a boiler room. According to CW1, though other underwriters bent to the new pressure and approved loans despite a lack of compensating features, CW1 left.

31) CW1 gave a particular example of how debt-to-income figures could be manipulated to justify approval. One DTI standard excluded car loans that were less than six months from being paid off. If a credit report was outdated, the underwriter would assume that additional payments had been made in the time since the credit report—then further assume the borrower would make additional payments in the time before loan closing. Making such assumptions, the underwriters would then leave out the car loan from the DTI calculation.

32) As to owner-occupancy, CW1 said that the loan files contained information that could be used to verify owner-occupancy declarations. For instance, CW1 would look for letters from prior landlords confirming they had received a notice to vacate, or would call landlords directly. Or, borrowers who owned prior properties were required to show that the first home had been sold. CW1 looked to confirm declarations of other properties being "second homes"

(with the property currently being mortgaged the occupied one) by comparing the value of the "vacation home" to the value of the property being mortgaged.

33) CW1 received appraisals that CW1 knew were inflated, but was pressured to approve loans anyway. For instance, appraisals would come in using "comparables" (or "comps") that were in no way comparable to the property being mortgaged—such as a home sitting on a canal being compared to a beachside property. In addition, appraisers were allowed to make the comp values even higher using "line adjustments," increasing the aggregate total comp value by as much as 25%. Also, according to CW1, GMAC required that appraisals be obtained from a specific, pre-approved list. CW1 said that some of the appraisers should have been kicked off for consistently submitting inflated appraisals, or submitting the same exact appraisal analysis on every appraisal they submitted—indicating they were not actually doing any independent analysis on each unique property.

34) According to another confidential witness ("CW4"), a former Senior Underwriter at GMAC, the share of "stated income" loans went up in the 2004-2007 time frame. CW4 gave an example of a city bus driver that provided a stated income of $9,000 *per month.*

35) ***Evidence of Fraud: Confidential Witness and Documentary Evidence Regarding Originator-Affiliates.*** The system-wide problem within the Debtors' organization can also be seen in the problems in Homecomings Financial, which originated many of the loans used in the Debtors' securitizations. Confidential Witness 5 ("CW5") worked as a Regional Account Executive at Homecomings from 2003 to 2005, then worked in the Wholesale Lending Department within GMAC until early 2006. CW5 knew Correspondent Lending sales managers personally, and attended meetings with Residential Capital's Correspondent Lending personnel.

36) Part of CW5's duties included training loan brokers on how to use Homecomings' automated loan system. Based on CW5's personal experience, daily conversations with other Account Executives, automated Help Desk personnel, and others, CW5 stated that Account Executives were trained by senior management to teach outside mortgage brokers how to manipulate borrower data to generate an approval. According to CW5, training people on how to use the automated system involved "loading data in AssetWise with the intent of getting an approval. They could run it through a number of times with different data until it got an approval." Indeed, the automated system allowed multiple applications to be submitted on the same borrower. According to CW5, "there were brokers running [the automated system] twenty-five times for the same borrower."

37) Even though brokers were trained on how to do this data manipulation, according to CW5 brokers sometimes would just fax their changes to Account Executives. However, as this would leave the Account Executive's user ID on the loan file, senior management tried to crack down on this practice. Rather than stressing how data manipulation should not take place at all, according to CW5, they simply wanted more training so the brokers could enter the data themselves, leaving less of a 'paper trail' leading back to the Account Executives.

38) In these ways, according to CW5, "there was complicity on the part of employees, a lot of employees, in manipulating AssetWise until loan applications were approved." According to CW5, "this was sanctioned behavior."

39) Homecomings even had a Help Desk. Rather than being just for technical support, according to CW5, this desk was designed to inform brokers why a particular loan was being denied by the automated program. An explanation was provided as to what minimum

change would be required to generate an approval. According to CW5, the most commonly manipulated data included income, assets, and debt-to-income ratios.

40) CW5 believes that Homecomings' underwriters could see all the prior versions of the loan applications put through the system. Thus, if the first application claimed a borrower was a carpenter making $6,000, they could see that prior version even if the fifth application claimed income of $16,000. According to CW5, underwriters could get "trapped by the guidelines." That is, even if they noticed that income levels were changing in such a way, because the automated system was generating an approval on the last version of the application, the underwriters would be told they could not decline the application.

41) According to CW5, in the 2004-2005 timeframe, the parent company RFC capped the percentage of loans that could be generated using "full documentation" procedures. RFC made a push to increase loan volumes elsewhere because "that's where the profits were" and it wanted the loans for its mortgage-backed securities operations. Around 2004 and 2005, CW5 noticed an unannounced change to the automated systems. Whereas before, users had to submit a loan application under a specified program (full documentation, Alt-A, *etc.*), the automated program instead began approving the loan under ***any*** program for which it qualified.

42) Despite the manipulation—which, CW5 represented, could be done even more easily using low-doc procedures—the automated system was initially ill-suited to the parent company's demand for more subprime products, as it was at first rejecting a large number of loans. Though according to CW5 seven of ten loans rejected by RFC's own automated program were eventually given a pass through manual underwriting, that process took time. Because that delay caused the company to lose business, the Debtors turned to "bulk" purchases.

43) Confidential Witness 3 ("CW3") worked as a Pre-Funding Quality Control Supervisor at Homecomings from 1997 to 2005. This review was supposed to identify missing information and documents. However, according to CW3, pre-funding reviews covered only 5%-10% of the approved mortgages. According to CW3, 30%-35% of the loans CW3's QC team reviewed resulted in an "inconclusive" recommendation, meaning that the underwriter needed to obtain further proof that the loan file was reliable. According to CW3, 5% received a "misrepresentation with certainty" recommendation.

44) Also according to CW3, Homecomings "gave a lot of loans they shouldn't have." CW3 considered the stated-income loans "all lies." In addition, according to CW3, the QC team at Homecomings was supposed to ensure that the underwriters had run the appraisal's recommendation through an automated valuation model. As above, an industry-accepted AVM model, using the same type of contemporaneous data that would have likely been used in Debtors' models, shows large discrepancies from the figures Debtors put into the Offering Materials. This confirms Debtors could not have made the false LTV, CLTV, and appraisal-related statements without knowing they were false.

45) Confidential Witness 6 ("CW6") worked at Homecomings from 2002 to 2007. Until 2006, CW6 worked as a Post-Funding QC Auditor. Thus, unlike CW3's team, CW6 would review loan files of mortgages that had already been funded. Around 2006, CW6's role changed to fixing deficiencies in mortgages that had been identified as "unsellable," and CW6's title changed to "Resolutions Coordinator." According to CW6, this change occurred around the same time changes were occurring within the GMAC organization, and around that time Homecomings "started to spiral downward." According to CW6, there were also auditors in other parts of the Debtors' larger enterprise that reviewed Homecomings' loan files for

underwriting guideline compliance, including within the "investor sales teams," who conducted a "more intense" review of the loans that were to be sold to third parties.

46) ***Evidence of Fraud: The Ratings Were a Garbage-in, Garbage-Out Process.*** Because ratings were based primarily on information provided by the Debtors, it was critical that the information be true and accurate. Far from providing the accurate data the rating agencies needed to produce meaningful ratings for acquirers, the Debtors instead fed the same misrepresentations found in the Offering Materials (including those relating to the owner-occupancy, LTV ratios, CLTV ratios, and underwriting guidelines) to the ratings agencies in an attempt to manufacture predetermined ratings. This not only rendered false the Debtors' representations about how the ratings process really functioned, but also assured that the ratings themselves failed to reflect the actual risk underlying the Certificates. In short, the Debtors did not genuinely believe the ratings reflected the actual risk of the Certificates, and knew that the provision of false data to the agencies assured that the ratings themselves failed in any meaningful way to "address[] the likelihood of the receipt by the holders of the offered certificates of distributions on the mortgage loans," as represented.

47) ***Evidence of Fraud: Debtors' Own Putback Efforts.*** According to news reports from early January 2009, the Debtors *tripled* the number of lawsuits they had filed against unaffiliated originators, alleging that those originators had wrongfully refused to buy back non-compliant loans that they had sold the Debtors for use in their securitizations. These suits are based on alleged breaches by the originators of their contracts with the Debtors—contracts in which the originators represented that they had abided by the terms of the Seller Guide, that the loans Debtors were purchasing had been underwritten in a prudent manner, and that all loan documents were complete and accurate. These are necessarily admissions by the Debtors that

they were acquiring loans based on insufficient documentation and that failed to comply with the Debtors' underwriting guidelines—and that they were doing so around the same time they were acquiring loans to create securitizations such as those at issue here.

48) ***Evidence of Fraud: Due Diligence Processes.*** In connection with the origination, purchase, and securitization of the Mortgage Loans, and consistent with industry practice, the Debtors were to perform due diligence to determine the quality of the loans at multiple steps. To make a determination about the quality of the loans and of the originators, the Debtors employed a team of underwriters who reviewed at least a sample of the purchased loans to confirm that they both conformed to the representations made by the originators and complied with the stated credit policies. This review, if properly performed, would necessarily have revealed the pervasive deficiencies in the Mortgage Loans at issue here.

49) As discussed above, Claimant's analysis also revealed that the underlying loans were consistently misrepresented, by large margins. These statistics are not just evidence that the Mortgage Loans were misrepresented. The *consistency* of the problems here are strong evidence that the Debtors knew the Mortgage Loans were misrepresented. The Debtors—which, as discussed below, benefited from a direct window into the lax origination practices that led to the creation of these loans—could not have innocently pooled, purchased, and securitized such a consistently misreported set of loans in spite of its due diligence procedures. This is not just to say that Debtors *must* have known—it is to show that the Debtors *did* know.

50) That the Mortgage Loans could not have made it to the securitization market without the Debtors' knowledge of the problems is made all the less improbable by the fact that many of the loans were originated by their own affiliates. The Certificates involved affiliated originators, sellers, sponsors, servicers, underwriters, and depositors. All of the Debtors

involved in the Certificates were related. Indeed, starting in 2007, CW6 (who, as above, worked at Homecomings) started receiving an "unsellable report" that reflected *all* funded loans enterprise-wide (*i.e.*, including mortgages originated by GMAC entities other than Homecomings.)

51) Further, the Debtors, as purchaser of the loans, had extensive business relationships with the originators (even the unaffiliated ones), had access to the originators' mortgage origination personnel and internal information, and conducted due diligence of the originators using their own personnel and third-party loan review firms. Thus, regardless of the originator, the Debtors benefitted from a direct window into the lax origination practices at issue.

52) The Debtors' willingness to include knowingly defective loans in securitization pools is confirmed by the testimony of CW4, who testified that ***half*** of all applications that were flagged as falling meaningfully short of underwriting guidelines were funding through underwriting "exceptions." It is also confirmed by the testimony of CW5 who, as above, testified of systemic, senior-level-approved manipulation of the data being put into the automated underwriting system, and by the testimony of CW1, also discussed in detail above.

53) That the many levels of due diligence could—and did—catch the system-wide problems such as those at issue here is confirmed by data recently released by the due-diligence firm, Clayton Holdings. Clayton—which performed work for Debtors—reviewed the actual loan files prior to securitization, grading them on a 3-point scale. Loans given a "3" not only failed to meet the stated guidelines, but also did not have any "compensating factors" justifying the use of a purported underwriting "exception." Confirming that such a process could and did catch many problematic loans, recently released data indicates that Clayton was consistently identifying thousands of defective loans for securitizers like Debtors. Confirming that securitizers did not

care, the same data shows even loans given a "3" were "waived" into securitizations by securitizers like Debtors here (including by many of the banks that worked on these Certificates). And confirming that even these figures under-represent the systemic underwriting problems at issue, many confidential witnesses have confirmed that Clayton was consistently bullied by its clients to cut corners, look the other way, and otherwise to give as few "3" grades as possible *even before* the banks used the "waiver" process to let even more defective loans through anyway.

54) ***Evidence of Fraud: "Bulk Buy" Abuses.*** MBIA's review of the loan files, referenced above, also found that the Debtors improperly abused "negotiated commitments," where it agreed to buy future loans from the originator that failed to comply with Debtors' underwriting guidelines. Here, the Debtors improperly abused a "bulk purchase program," where they agreed to purchase a large amount of pre-existing loans that Debtors would then *not* confirm had been originated in compliance with Debtors' underwriting guidelines. MBIA also found that the Debtors underwrote or purchased loans using an automated system, Assetwise, that did not in fact analyze the proposed mortgages in accordance with the stated underwriting guidelines. According to MBIA, these practices all helped contribute to the "substantial and material" number of non-compliant loans that were found in the reviewed securitization pools.

55) The results of MBIA's study is corroborated by the testimony of CW5. CW5 stated that in 2004-2005 Residential Funding dictated that its affiliated originator Homecomings produce no more than fifty percent of its loans through fully-documented processes. According to CW5, it did this because it felt other products were more profitable, and it wanted the alternative products for use in its securitizations. Even though the automated underwriting system was being manipulated, and even though low-doc loans could be manipulated even more,

the system was still rejecting too many loans. Manual approval of the rejected loans led to delay, and caused the company to lose business. Thus, according to CW5, Residential Funding turned to "bulk buy" procedures. CW5 explained that Residential Funding would buy hundreds of millions of fully-funded loans at a time. The loans were not put through the automated system until Residential Funding won the "bid." Only then did Residential Funding conduct due diligence. However, it would not perform due diligence on all the files, but only a small sample. The sample would decrease with each successive purchase from that seller—eventually such that no testing was done. According to CW5, this allowed Residential Funding to pursue fewer and fewer repurchase demands from the bulk-sellers. As CW5 stated, "[i]t makes for a better relationship if you're not kicking back a lot of loans."

56) ***Claimant's Detrimental Reliance and Damages.*** Claimant typically acquired senior classes of mortgage-backed securities (*i.e.*, those rated AAA/Aaa or AA/Aa by the rating agencies Standard & Poor's and Moody's Investors Service). Claimant acquired the Certificates to generate income and total return through safe acquisitions. Claimant also acquired these securities with the expectation that the acquisitions could be—and indeed some would be and were—acquired and sold on the secondary market.

57) Claimant acquired the Certificates as part of a broader plan to acquire a diverse array of carefully underwritten RMBS. Its acquisition decisions were based on due diligence performed on multiple levels by various people. For instance, Claimant has a credit risk department specifically tasked with analyzing potential risks—any acquisitions not recommended by the credit group would have to get special approval from department heads. The credit group's recommendations have never been overridden with respect to RMBS.

58) In making the acquisitions, Claimant relied upon the Debtors' representations and assurances regarding the quality of the mortgage collateral underlying the Certificates, including the quality of the underwriting processes related to the underlying Mortgage Loans. Claimant received, reviewed, and relied upon the Offering Materials, which described in detail the Mortgage Loans underlying each Offering. Offering Materials containing the representations outlined above and in the Exhibits (or nearly identical, materially similar counterparts thereto) were obtained, reviewed, and relied upon before any acquisition was made.

59) As part of its business practice Claimant insists on seeing draft Offering Materials and term sheets as well as the final Offering Materials. Claimant also reviewed other materials such as the related Pooling and Servicing Agreements, and any documents related to insurance-based credit enhancements on the securities. Such materials were made available prior to acquisition, either sent directly by the broker selling the securities or by way of a website to which acquirers were given a password to access.

60) Specifically, but without limitation, prior to purchasing mortgage-backed securities Claimant reviewed and considered the underwriting guidelines of the originators. Claimant would also review and consider the bank's due diligence processes. Claimant gained an understanding of these purported processes in the Offering Materials at issue here, and also understood them from its review of similar Offering Materials issued by and about the Debtors over the course of the many years Claimant has been purchasing residential mortgage backed securities. For instance, representations such as that the guidelines would be followed, that the guidelines were intended to in some reasonable way assess the borrower's capacity for repayment, and that "exceptions" would only be made when "compensating factors" exist are common to many of the Debtors' securitizations, including those at issue here. The consistency

of these core representations reinforces the reasonability of Claimant's actual reliance on the Offering Materials at issue here, as well as the fraudulent nature of the Debtors' key omission of facts regarding their systemic underwriting abandonment.

61) Claimant would also review, prior to acquisition, the specific representations made about the Mortgage Loans—such as whether the loans were backed by owner-occupied properties, and the loan's LTV and CLTV ratios.

62) Claimant fully explored all information made reasonably available to acquirers before purchasing residential mortgage-backed securities. Indeed, Claimant often visited the originators' offices on-site—including by meeting directly with the Debtors. Claimant also regularly attended industry conferences to meet with originators and underwriters who attended.

63) Claimant continued to monitor its acquisition, including with respect to the Certificates here. However, Claimant did not and could not have uncovered the misrepresentations at issue here prior to acquisition—and, indeed, did not know of the wrongdoing alleged herein until recently.

64) As discussed above, the Offering Materials contained certain information purporting to describe the Mortgage Loans. More detailed information was contained in "loan tapes." But these loan tapes were only rarely made available to acquirers. Even if they were, such would still not provide acquirers with the information necessary to discover the fraud. This is because the loan tapes are still just simply rows of numerical data—data that, as alleged above, were false. Thus, without the loan files containing the backup materials standing behind those numerical descriptions—documents that were never made available to acquirers—even having the loan tapes replete with (false) data would not have revealed the fraud.

65) Still without access to the loan files, acquirers have only recently been able to test representations about the risk attributes of the underlying loans. For instance, acquirers might be provided a table claiming that one property was owner-occupied, had an LTV ratio of 75%, and the borrower had a debt-to-income ratio of 30%. Simply seeing that loan-by-loan breakdown, however, in no way informed acquirers that the originators had wholly abandoned their guidelines, were making underwriting "exceptions" (such as those for high-LTV loans) without regard to whether there were "compensating factors," and were falsifying the descriptive data.

66) Acquirers were not given loan files containing full documentation that would have shed light on whether the Debtors' claims had a reasonable basis in fact. Indeed, the materials provided to acquirers often did not even include the specific property addresses, nor did they identify the consumers tied to the loans. There was thus no way, until recently, for acquirers to "look behind" the tables of numbers in order to assess whether those numbers were actually reflective of the mortgage loans being securitized. Thus, prior to May 2009, the only information acquirers could obtain on the nature of the mortgage loans was what they were told in the Offering Materials.

67) The Claimant's proof of claim above references a "loan-level analysis" that tests the representations at issue. However, it was thus not until well after the Certificates here were acquired that that analysis was possible. It was not until well after the acquisitions at issue here that acquirers were offered the ability to access proprietary databases, developed by a data vendor over the course of many years and at a cost of millions of dollars, as to allow them to determine the accuracy of the loan-level information provided in the Offering Materials. It was only through such databases that enough data could be linked together, through the use of proprietary algorithms, that acquirers could even identify the specific loans underlying RMBS

offerings. Without knowing a property's address, acquirers obviously could not know anything about the property's actual value other than what they were told in the Offering Materials. Thus, prior to the development of these informational services, there was no publicly available means of consistently identifying the specific loans underlying RMBS offerings, and thus no way of "double-checking" the representations made to acquirers about the features of those loans.

68) In May 2009, an early form of an informational service was first made public. It allowed acquirers, for the first time (but even then, at a cost) to determine what specific properties were actually being included in the RMBS collateral pool. For instance, the database compares the property zip code, loan amount, and date of origination (high-level information provided in the Offering Materials) and compares those points across other databases to see if there is a "match" in the same zip code. This is a simplified explanation; the actual algorithm used is proprietary. But the point here is that it typically takes an enormous database to even identify what exact property is being included in the collateral pool.

69) Only with a specific address in hand—something that typically could not have obtained prior to May 2009—could acquirers have even begun to "test" representations made in the Offering Materials. Thus, there was simply no way, prior to this point, that acquirers could test such representations as what the LTV ratios were. The informational service referenced above was later combined with an AVM, which enabled acquirers to determine the reasonableness of the Offering Materials' claims as to such features as LTV and CLTV ratios. Claimant is not aware of any other similar service or process that could have reasonably provided this information prior to May 2009.

70) Similarly, without knowing what exact property was being mortgaged there was no way to "test" whether the Offering Materials' representations regarding owner-occupancy

were accurate. Though the identification of the property addresses was available in May 2009, the ability to test occupancy claims did not develop until 2010. Only then were databases and algorithms developed to compare the property addresses (again, themselves only derived through the use of these databases) against such other information as to provide a "test" of the occupancy claims made in the Offering Materials. Claimant is not aware of any other similar service or process that could have reasonably provided this information prior to 2010.

71) In purchasing the Certificates, Claimant justifiably relied on the Debtors' false representations of material fact detailed above, including the misstatements in the Offering Materials. In purchasing the Certificates, Claimant also justifiably relied on the Debtors' fraudulent omissions described above. It is a fraudulent omission to purport to provide data describing the Mortgage Loans without disclosing, for instance, that the Debtors had systemically abandoned their underwriting guidelines, and that the descriptions of the Mortgage Loans' key features in fact bore no reasonable relationship to the true features of the loans.

72) These representations materially altered the total mix of information upon which Claimant made its purchasing decisions. But for the misrepresentations and omissions in the Offering Materials, Claimant would not have acquired the Certificates as it ultimately did, because those representations and omissions were material to its decision to acquire the Certificates, as described above.

73) The false and misleading statements and omissions of material facts in the Offering Materials directly caused Claimant damage, because the Certificates were in fact far riskier than Debtors and their other affiliates had described them to be. The loans underlying the Certificates experienced default and delinquency at very high rates due to the Debtors' and the originators' abandonment of the disclosed underwriting guidelines. The resulting downgrades to

the Certificates' credit ratings have made them unmarketable at anywhere near the prices Claimant paid, thus confirming that Claimant paid far more for the Certificates than the value it actually received.

74) Claimant has incurred substantial losses in market value due to the poor quality of the collateral underlying the Certificates. Because of the deteriorating collateral base, it is increasingly likely that Claimant will not obtain the full payments expected under the "waterfall" provisions of the securitizations. This is reflected in the far diminished market value for these securities, which, again, is a strong indicator that the true value of the Certificates was far less than what Claimant paid.

75) The disclosure of irregularities in the underwriting practices and increased risk regarding future cash flow has further fed the substantial decline in market value of the Certificates. Claimant acquired the Certificates not only for their income stream, but also with an expectation of possibly reselling the Certificates on the secondary market. Claimant thus viewed market value as a critical aspect of the Certificates it acquired. Claimant incurred substantial losses on the Certificates due to a drastic decline in market value attributable to the misrepresentations which, when disclosed, revealed that the Mortgage Loans had a substantially higher risk profile than acquirers (including Claimant) were led to believe. Claimant has already incurred substantial losses on Certificates it has sold on the secondary market.

76) Claimant's losses have been much greater than they would have been if the Certificates and the loans underlying them were as Debtors described them to be. For example, the fact that the loans were not backed by owner-occupied properties at their claimed rate made them more prone to default, thus making the Certificates poorer acquisitions, accelerating their decline in value, and greatly exacerbating Claimant's losses. The loans underlying the

Certificates have experienced default and delinquency at extraordinarily high rates due to the abandonment of the disclosed underwriting guidelines. These rates of default are much higher than what a pool of loans that had the features the Offering Materials described would have experienced in the same economic conditions.

77) The high rates of default, the resulting lower safety "buffer," and the discovery of fundamental irregularities in the stated underwriting practices all signal increased risk in the Certificates. As a fundamental financial principle, the diminished prospect of continued cash flows—*i.e.*, perceived and actual risk—dictates that the Certificates were less valuable than they would have been but for the misrepresentations. Thus, Claimant is not seeking recovery for (or, in the alternative, to rescind based on) future potential losses, but recovery based on its past and current damages.

78) Even in the context of the housing downturn, the Certificates would have held most, if not all, their value had the securities been as represented by Debtors in the Offering Materials, because their mortgage pools would not have defaulted at nearly the same high rate. This decreased value is evidenced collectively by, but need not be measured solely by: (a) the high rates of default and delinquency of the Mortgage Loans; (b) the Certificates' plummeting credit ratings; (c) lower-than-expected past and current income streams from the Certificates; and (d) lower market value.

79) There are several potential ways of valuing a mortgage-backed security. One of the potential ways that lower value can be measured, and part of the evidence supporting Claimant's damages, can be found in secondary-market pricing. Though the market may have temporarily "seized up" during the financial crisis, it has since recovered and there was and is a functioning, liquid, secondary market for mortgage-backed securities such as the Certificates

here. Numerous brokers are active in, and have trading desks specifically dedicated to, the secondary market for RMBS including, without limitation, Barclays, Bank of America, Citigroup, Deutsche Bank, Goldman Sachs, Royal Bank of Scotland, J.P. Morgan, Nomura, and Morgan Stanley.

80) According to data provided to the FCIC, between May 2007 and November 2008 Goldman Sachs alone bought and sold $17 billion worth of RMBS cash securities, and $32 billion worth of credit default swaps linked to RMBS securities, representing a total of 7,000 trades. These figures demonstrate the liquidity in the secondary market for RMBS. Claimant has already sold some of these Certificates on the secondary market, at a significant loss.

81) The Wall Street Journal recently reported that "AIG Bonds are in Demand," and found that the Federal Reserve Bank of New York's "much anticipated" auction of $1.5 billion in subprime bonds was "deemed successful by industry participants . . . . Industry participants said dealers saw solid interest from investors." According to a CEO quoted by the article, "The overwhelming majority of the list [of bonds] traded at more than the estimated price, indicating healthy demand by dealers and investors."

82) The Wall Street Journal also recently quoted Federal Reserve Bank of Dallas President Richard Fisher as saying that "there is plenty of liquidity" in the markets to drive growth. One of the signs he pointed to was the "rejuvenation of the subprime markets." Notwithstanding this demand, the market value for mortgage-backed securities is still far below the level that Claimant paid due to the revelation that the underlying mortgage loans are far riskier than was represented by the Debtors and other securitizers.

83) In short, defaults were much higher than they would have been if the Mortgage Loans had been properly underwritten; this revealed that the true value of the Certificates was

only pennies on the dollar of what Claimant paid. This is evidenced by, but not contingent entirely upon, the drop in market value of the securities. Because properly underwritten loans would have withstood the same economic conditions much better than those Debtors offloaded onto Claimant here, and securities backed by loans with the features Debtors described would currently have a much higher value than Claimant's Certificates, Claimant was damaged by Debtors' wrongdoing.

84) As outlined above, though the Debtors and certain of their affiliates were responsible for creating and marketing the Certificates, they are not the securities of the Debtors. The securities were issued by the non-affiliated, bankruptcy-remote trusts.

85) The Claimant is not an equity security holder of the Debtors; it has no contractual relationship with the Debtors; it does not hold any of the Debtors' corporate debt. If the Debtors had not misrepresented the nature of the RMBS certificates, the Claimant would not be pursuing direct claims against the Debtors in the Bankruptcy Cases. Because the RMBS certificates do not represent obligations of the Debtors, the Certificates are "of" the Trusts—not "of" the Debtors. Indeed, the Offering Materials confirm, on the first page, that (a) the non-debtor trusts were the "issuing entit[ies]"; and (b) that the certificates "represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of" any of the Debtors or their affiliates.

86) Nor can the claim herein be subordinated on the theory that the trusts are "affiliates" of the Debtors. None of the debtors hold the voting stock of the trusts, none of the trusts hold the voting stock of the Debtors, none of the Debtors operated any trust's business or substantially all of any trust's property under a lease or operating agreement, and none of the

trusts operated the business or substantially all of the property of any ResCap Debtor under a lease or operating agreement.

87) Including without limitation because the Certificates were issued by, and represent obligations only of, the unaffiliated trusts, Claimant's claims set forth in this Proof of Claim are not subject to subordination under Bankruptcy Code section 510(b).

Additional Provisions

88) Claimant reserves the right to file proofs of claim for administrative expenses, other claims entitled to priority, proofs of interest and proofs of claim against other parties, including, but not limited to, other Debtors.

89) Claimant reserves the right to amend this Proof of Claim, including the right to supplement this Proof of Claim through submission of additional documents supporting its claims and additional documents that may become available after further investigation and discovery.

90) By filing this proof of claim, Claimant does not waive, and specifically preserves, its respective procedural and substantive defenses to any claim that may be asserted against Claimant by any of the Debtors, by any trustee of the Debtors' estates, by any official committee appointed in these cases or by any other person or entity.

91) The filing of this proof of claim shall not constitute: (a) a waiver or release of the rights of Claimant against any of the Debtors or any other person or property; (b) a waiver of the right of Claimant to contest the jurisdiction of the United States Bankruptcy Court for the Southern District of New York with respect to the subject matter of the claim asserted in this Proof of Claim, any objection or other proceeding commenced with respect thereto or any other proceeding commenced in this case against or otherwise involving Claimant; or (c) an election of remedies or choice of law.

92) This proof of claim shall not be deemed to be a waiver of Claimant's rights to: (a) have final orders in noncore matters entered only after *de novo* review by a District Court judge; (b) trial by a jury in any proceeding so triable in these cases or any case, controversy or proceeding related to these cases; (c) have a District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal; (d) arbitrate existing or future claims or disputes; or (e) any other rights, claims, actions, defenses, set-offs or recoupments to which Claimant is or may be entitled, in law or in equity, all of which rights, claims, actions, defenses, set-offs and recoupments Claimant expressly reserves.

93) Claimant does not waive any right or rights of action that it has or may have against the Debtor, any of the other Debtors, or any other person.

94) By filing this Proof of Claim, Claimant does not submit to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim. Claimant expressly reserves any and all jury trial rights associated with the claims asserted in the Complaint.

95) This Proof of Claim is not intended to be, and shall not be construed as, (i) an election of remedies, (ii) a waiver of any defaults or (iii) a waiver or limitation of any rights, remedies, claims or interests of Claimant.

96) This Proof of Claim is in addition to any other request for payment or proof of claim filed or to be filed by Claimant in this Bankruptcy Case.

97) This Proof of Claim is made without prejudice to Claimant's rights under the Bankruptcy Code or otherwise, including, but not limited to, the right to vote on any chapter 11 plan or plans of the Debtors.

98) Claimant reserves the right, in accordance with Court orders and procedures, to amend, modify and/or supplement this Proof of Claim, and/or to file additional claims from time to time as may be necessary or appropriate, including, without limitation, any amendment, modification and/or supplement of the Claim with respect to principal, pre-petition interest, post-petition interest, legal fees and other expenses, or additional obligations acquired by Claimant after the filing of this Proof of Claim.

99) All notices and communications concerning this Proof of Claim should be addressed as follows:

Dan Brocket
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010

Exhibit 22

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 2626, filed by NCUAB, on Nov. 8, 2012

B 10 Modified (Official Form 10) (12/11)

Claim #2626 Date Filed: 11/8/2012

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: Residential Accredit Loans, Inc., Case No. 12-12052

NOTE: *This form should not be used to make a claim for an administrative expense* ***(other than a claim asserted under 11 U.S.C. § 503(b)(9))*** *arising after the commencement of the case. A "request" for payment of an administrative expense* ***(other than a claim asserted under 11 U.S.C. § 503(b)(9))*** *may be filed pursuant to 11 U.S.C § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
National Credit Union Administration Board, Liquidating Agent or for Western Corporate Federal Credit Union

Name and address where notices should be sent:

Nelson C. Cohen
Zuckerman Spaeder LLP
1800 M Street, N.W.
Washington, D.C. 20036

Telephone number: (202) 778-1800 email: ncohen@zuckerman.com

■ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Name and address where payment should be sent (if different from above):
National Credit Union Administration Board
4807 Spicewood Springs Road
Suite 5100
Austin, TX 78759

Telephone number: (512) 342-5600 email: Region4@ncua.gov

☐ Check this box if this claim amends a previously filed claim.

Court Claim Number: _____ (*If known*)

Filed on: _____

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: $ 33,221,890

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Damages for violations of Section 11 of the Securities Act of 1933
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3b. Uniform Claim Identifier (optional):**
CUSIP #74922AAB3	(See instruction #3a)	(See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:
Value of Property: $_____ **Annual Interest Rate** _____% ☐ Fixed ☐ Variable
(when case was filed)
Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____ **Basis for perfection:** _____
Amount of Secured Claim: $_____ **Amount Unsecured:** $ 33,221,890

6. Claim Pursuant to 11 U.S.C. § 503(b)(9):
Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.
$_____ (See instruction #6)

7. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

8. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. *(See instruction #8, and the definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).
☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4).
☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).
☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).
☐ Taxes or penalties owed to governmental units – 11U.S.C. §507 (a)(8).
☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(__).

Amount entitled to priority:

$_____

** Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor. ■ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Nelson C. Cohen
Title: Counsel for National Credit Union Administration Board
Company: Zuckerman Spaeder LLP

(Signature) 11/7/12 (Date)

Address and telephone number (if different from notice address above):

Telephone number: Email:

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18

RECEIVED
NOV 08 2012
KURTZMAN CARSON CONSULTANTS
COURT USE ONLY



1800 M STREET, NW SUITE 1000
WASHINGTON, DC 20036-5802
202.778.1800 202.822.8106 fax www.zuckerman.com

ZUCKERMAN SPAEDER LLP

Nelson C. Cohen
202.778.1823
ncohen@zuckerman.com

November 7, 2012

VIA FEDERAL EXPRESS

Residential Capital Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Re: National Credit Union Administration Board Proofs of Claim in In re Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061) and In re Residential Accredit Loans, Inc. (Case No. 12-12052)

Ladies and Gentlemen:

I have enclosed eleven Proofs of Claim to be filed in the above referenced cases. The Proofs of Claim are as follows:

Debtor: Residential Funding Mortgage Securities II, Inc.

1. CUSIP # 43710RAG6; Amount: $558,160

Debtor: Residential Accredit Loans, Inc.

1. CUSIP # 74922JAC2; Amount: $11,519,468
2. CUSIP # 74922WAC3; Amount: $18,696,249
3. CUSIP # 74922WAB5; Amount: $31,332,675
4. CUSIP # 75116EAC6; Amount: $30,951,723
5. CUSIP# 75114NAC8; Amount: $11,444,414
6. CUSIP # 75116EAB8; Amount: $10,828,427
7. CUSIP # 75116EAA0; Amount: $18,918,535
8. CUSIP # 751153AC1; Amount: $71,458,336
9. CUSIP # 74922AAC1; Amount: $54,026,410
10. CUSIP # 74922AAB3; Amount: $33,221,890



ZUCKERMAN SPAEDER LLP

I have also enclosed an additional copy of each proof of claim and a self-addressed postage-paid envelope. Please return the extra copy of each Proof of Claim as proof of receipt.

If you have any questions, please call me at (202) 778-1800 or email me at ncohen@zuckerman.com.

Sincerely,

Nelson C. Cohen

cc: George Zelcs (via Federal Express)
Kevin Tuininga (via Federal Express)
Graeme Bush (w/o enclosures)

RESIDENTIAL ACCREDIT LOANS, INC.

CASE NO.: 12-12052

ATTACHMENT TO PROOF OF CLAIM FILED BY

NATIONAL CREDIT UNION ADMINISTRATION BOARD

CUSIP NUMBER: 74922AAB3

ISSUER : RALI Series 2007-QH6 Trust

PURCHASER: Western Corporate Federal Credit Union

CLAIM AGAINST: Residential Accredit Loans, Inc.

AMOUNT OF CLAIM: $33,221,890

Documentation

Attached is an excerpt of the Complaint entitled National Credit Union Administration Board v. Goldman Sachs & Co., et al., Case No. LACV11-6521 (U.S. District Court for the Central District of California, Western Division). The excerpt includes Count V (pages 140-142, Paragraphs 346-354) which alleges violation of Section 11 of Securities Act of 1933. A complete copy of the Complaint is attached to the Proof of Claim associated with CUSIP 74922JAC2 ($11,519,468).

COPY

Terry W. Bird – State Bar No. 49038
twb@birdmarella.com
Peter J. Shakow -- State Bar No. 198633
psc@birdmarella.com
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KOREIN TILLERY LLC
205 North Michigan Avenue, Suite 1950
Chicago, IL 60601
Tel: (312) 641-9760
Fax: (312) 641-9751

Attorneys for Plaintiff National Credit Union Administration Board

(See Signature Plage for Names and Addresses of Additional Counsel for Plaintiffs)

FILED
CLERK, U.S. DISTRICT COURT
AUG - 9 2011
CENTRAL DISTRICT OF CALIFORNIA
BY
DEPUTY

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

NATIONAL CREDIT UNION ADMINISTRATION BOARD, as Liquidating Agent of U.S. Central Federal Credit Union and of Western Corporate Federal Credit Union,

Plaintiff,

vs.

GOLDMAN, SACHS & CO.; FREMONT MORTGAGE SECURITIES CORP.; GS MORTGAGE SECURITIES CORP.; and RESIDENTIAL ACCREDIT LOANS, INC.,

Defendant.

CASE NO. LACV11-06521 GHK (PLAx)

COMPLAINT FOR DAMAGES FOR VIOLATION OF THE SECURITIES ACT OF 1933, THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968, AND THE KANSAS UNIFORM SECURITIES ACT

JURY TRIAL DEMANDED

available, as alleged above.

342. U.S. Central purchased the certificates pursuant to and traceable to a defective registration statement, as alleged above.

343. At the time U.S. Central purchased the certificates, it did not know of the untrue statements and omissions contained in the registration statement.

344. Defendant Goldman Sachs's and Defendant Long Beach Securities Corp.'s conduct as alleged above violated Section 11.

345. U.S. Central and Plaintiff sustained damages as a result of Defendant Goldman Sachs's and Defendant Long Beach Securities Corp.'s violations of Section 11.

WHEREFORE, the NCUA Board requests the Court to enter judgment in its favor against Defendant Goldman Sachs and Defendant Long Beach Securities Corp., jointly and severally, awarding all damages, in an amount to be proven at trial, costs, and such other relief as the Court deems appropriate and just.

FIFTH CLAIM FOR RELIEF

Section 11 of the Securities Act of 1933
(RALI Series 2006-QO6 Trust, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust, RALI Series 2007-QH6 Trust)

346. The NCUA Board realleges paragraphs 1 through 309 of this Complaint, as though fully set forth here, except those paragraphs specific to the Issuer Defendants other than Residential Accredit Loans, Inc., or specific to offerings other than the RALI Series 2006-QO6 Trust, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust,

RALI Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust Offerings.

347. The NCUA Board brings this cause of action pursuant to Section 11 of the Securities Act, with respect to WesCorp's purchases of the RALI Series 2006-QO6 Trust, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust certificates against Defendant Goldman Sachs, as the underwriter, and against Defendant Residential Accredit Loans, Inc., as the issuer.

348. The NCUA Board expressly disclaims and disavows any allegation that could be construed as alleging fraud.

349. At the time the registration statement became effective, it (including the prospectus and any prospectus supplements) contained untrue statements and omitted facts that were necessary to make the statements made not misleading, as alleged above.

350. The untrue statements and omitted facts were material because a reasonably prudent investor deciding whether to purchase the certificates would have viewed them as important and as substantially altering the total mix of information available, as alleged above.

351. WesCorp purchased the certificates pursuant to and traceable to a defective registration statement, as alleged above.

352. At the time WesCorp purchased the certificates, it did not know of the untrue statements and omissions contained in the registration statement.

353. Defendant Goldman Sachs's and Defendant Residential Accredit Loans, Inc.'s conduct as alleged above violated Section 11.

354. WesCorp and Plaintiff sustained damages as a result of Defendant Goldman Sachs's and Defendant Residential Accredit Loans, Inc.'s violations of Section 11.

WHEREFORE, the NCUA Board requests the Court to enter judgment in its favor against Defendant Goldman Sachs and Defendant Residential Accredit Loans, Inc., jointly and severally, awarding all damages, in an amount to be proven at trial, costs, and such other relief as the Court deems appropriate and just.

SIXTH CLAIM FOR RELIEF
Section 12(a)(2) of the Securities Act of 1933
(Alternative Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-OA1, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust, RALI Series 2007-QH6 Trust)

355. The NCUA Board realleges paragraphs 1 through 309 of this Complaint, as though fully set forth here, except those paragraphs specific to offerings other than the Alternative Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-OA1, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust offerings.

356. The NCUA Board brings this cause of action pursuant to Section 12(a)(2)

Exhibit 23

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 4805, filed by Lead Plaintiff on behalf of itself and the Certified Class, on Nov. 16, 2012

Claim #4805 Date Filed: 11/16/2012

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: **Residential Accredit Loans, Inc. Case No. 12-12052(MG)**

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) (may be filed pursuant to 11 U.S.C. §503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
Lead Plaintiff on behalf of itself and the Class (see attached)

☐ Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:
Michael S. Etkin and Ira M. Levee
Lowenstein Sandler PC
65 Livingston Ave.
Roseland, NJ 07068
Telephone number: 973.597.2500 email: ilevee@lowenstein.com; metkin@lowenstein.com

Court Claim Number:_____
(If known)

Filed on:_____

Name and address where payment should be sent (if different from above):

☑ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: $ Not yet determined

If all or part of your claim is secured, complete item 4.
If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Violations of Federal Securities Laws
(See instruction #2)

Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3a. Debtor may have scheduled account as:**
____	(See instruction #3a)	(See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____ **Annual Interest Rate** _____% ☐ Fixed ☐ Variable
(when case was filed)

Amount of arrearage and other charges as of time case filed included in secured claim, if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured: $**_____

6. Claim Pursuant to 11 U.S.C. §503(b)(9):
Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.
$_____ (See instruction #6)

7. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7).

8. Documents: Attach **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of a security interest. *(See instruction #8, and the definition of "redacted")*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507(a)(4).

☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(5).

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).

☐ Other - Specify applicable paragraph of 11 U.S.C. §507(a)(__).

Amount entitled to priority:

$_____

**Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor ☑ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Ira M. Levee
Title: Attorney
Company: Lowenstein Sandler PC
Address and telephone number (if different from notice address above):

Ira M. Levee 11/15/12
(Signature) Date

Telephone Number: Email:

RECEIVED
NOV 16 2012
KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both 18 U.S.C. §§152 and 3571.



Lowenstein Sandler
ATTORNEYS AT LAW

Ira M. Levee
Of Counsel
Tel 973 597 2480
Fax 973 597 2481
ilevee@lowenstein.com

November 15, 2012

VIA FEDEX

RESCAP Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Re: Residential Capital, LLC
Case No. 12-12020 (MG)

Enclosed for filing are an original and one (1) copy of each of the following proofs of claim as against the designated Debtors:

A. Residential Capital, LLC Case No. 12-12020(MG)

1. Lead Plaintiff on behalf of the Class
2. Boilermaker Blacksmith National Pension Trust
3. Iowa Public Employees' Retirement System
4. Midwest Operating Engineers Pension Fund
5. New Jersey Carpenters Health Fund and New Jersey Carpenters Vacation Fund
6. Orange County Employees' Retirement System
7. Police and Fire Retirement System of the City of Detroit

B. Residential Funding Company, LLC Case No. 12-12019(MG)

1. Lead Plaintiff on behalf of the Class
2. Boilermaker Blacksmith National Pension Trust
3. Iowa Public Employees' Retirement System
4. Midwest Operating Engineers Pension Fund
5. New Jersey Carpenters Health Fund and New Jersey Carpenters Vacation Fund
6. Orange County Employees' Retirement System
7. Police and Fire Retirement System of the City of Detroit

C. Residential Accredit Loans, Inc. Case No. 12-12052(MG)

1. Lead Plaintiff on behalf of the Class
2. Boilermaker Blacksmith National Pension Trust
3. Iowa Public Employees' Retirement System
4. Midwest Operating Engineers Pension Fund
5. New Jersey Carpenters Health Fund and New Jersey Carpenters Vacation Fund
6. Orange County Employees' Retirement System
7. Police and Fire Retirement System of the City of Detroit

Please return a copy of each proof of claim marked "Filed" or "Received" in the envelope provided.

Very truly yours,

Ira M. Levee

IML:lar

26963/2
11/15/12 22187678.1

Enclosure(s)
cc: Michael Eisenkraft, Esq. (w/encl.)
Christopher Lometti, Esq. (w/o encl.)
Michael S. Etkin, Esq. (w/o encl.)

LOWENSTEIN SANDLER PC
1251 Avenue of the Americas, 17th Floor
New York, New York 10020
(212) 262-6700 (Telephone)
(212) 262-7402 (Facsimile)
Michael S. Etkin (ME0570)
Ira M. Levee (IL9958)
Andrew D. Behlmann (AB1174)
and
65 Livingston Avenue
Roseland, New Jersey 07068
(973) 597 2500 (Telephone)
(973) 597-2400 (Facsimile)

Bankruptcy Counsel for Lead Plaintiff and the Initial Class

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

RIDER TO CLASS PROOF OF CLAIM AS AGAINST RESIDENTIAL ACCREDIT LOANS, INC.
(Case No. 12-12052(MG))

1. The undersigned are authorized agents for the court-appointed lead plaintiff (the "Lead Plaintiff") in the consolidated securities class action styled as *New Jersey Carpenters Health Fund, et als., on Behalf of Themselves and All Others Similarly Situated v. Residential Capital, LLC, et als.*, Case No. 08-CV-8781 (HB) (the "MBS Litigation"), filed in the United States District Court for the Southern District of New York (the "District Court"). Lead Plaintiff submits this proof of claim on behalf of itself and all persons or entities (the "Initial Class") who purchased or otherwise acquired interests in certain Issuing Trusts (as described in the

Consolidated First Amended Securities Class Action Complaint (the "Consolidated First Amended Complaint")[1] filed in the MBS Litigation), pursuant or traceable to two separate Registration Statements and accompanying Prospectuses filed by the debtor, Residential Accredited Loans, Inc. ("RALI"), a subsidiary of Residential Capital, LLC ("ResCap"), on March 3, 2006 and April 3, 2007, and who were damaged thereby.

2. On May 14, 2012 (the "Petition Date"), RALI, ResCap and certain affiliated entities filed voluntary petitions (the "Petitions") for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York.

3. Lead Plaintiff initially commenced the MBS Litigation in the New York Supreme Court, County of New York on September 22, 2008. The MBS Litigation was removed to the District Court on October 14, 2008.

4. On May 18, 2009, Lead Plaintiff filed the Consolidated First Amended Complaint. On March 31, 2010, the District Court granted in part and denied in part a motion to dismiss the Consolidated First Amended Complaint. On July 30, 2010, several parties moved to intervene (the "Motions to Intervene") in the MBS Litigation, on behalf of purchasers of certain RMBS offerings. On August 16, 2010, Lead Plaintiff moved for certification of the then putative class. On December 22, 2010, the District Court granted the Motions to Intervene, and on January 3, 2011, the parties filed an amended complaint including the intervening plaintiffs.

5. Subsequently, on January 18, 2011, the District Court denied the motion to certify the then putative class. On April 29, 2011, the United States Court of Appeals for the Second Circuit granted Lead Plaintiff's motion for leave to appeal the denial of class certification pursuant to Fed. R. Civ. P. 23(f). On April 30, 2012, the Second Circuit affirmed the District

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[1] A copy of the first page of the Consolidated First Amended Complaint is annexed hereto as Exhibit A. A complete copy is available upon request to the undersigned.

Court's denial of class certification, without prejudice to the filing of an amended motion for class certification before the District Court. Thereafter, Lead Plaintiff filed the amended motion for class certification.

6. On October 15, 2012, the District Court granted Lead Plaintiff's amended motion for class certification and appointed Cohen Milstein Sellers & Toll PLLC ("Cohen Milstein"), as lead counsel for the certified class.[2] Lead Plaintiff, through Cohen Milstein, retained Lowenstein Sandler PC to represent Lead Plaintiff and the Initial Class in this and the related affiliate Chapter 11 cases.

7. Debtors, ResCap, RALI and Residential Funding Company, LLC ("RFC," and collectively with ResCap and RALI, the "Debtors" or "Debtor Defendants"), are named as defendants in the MBS Litigation, along with Non-Debtors, Ally Securities, certain former directors and officers of the Debtors and others (collectively, the "Non-Debtor Defendants").

8. The allegations of the Consolidated First Amended Complaint form the basis of the Claim (defined below) against the Debtors, including RALI, and are incorporated herein by reference. The grounds for the Claim against RALI, and the other Debtor and Non-Debtor Defendants (named or to be named in the MBS Litigation), are for damages resulting from violations of certain federal securities laws (the "Federal Securities Laws"), including, sections 11, 12(a)(2), and 15 of the Securities Act of 1933, 15 U.S.C. §§ 77k, 771(a)(2), and 77o, in connection with the purchase by Lead Plaintiff and the Initial Class of the mortgage backed securities described above and RALI's conduct in connection with such purchases.

---

[2] Lead Plaintiff intends to move before the District Court to expand the certified class pursuant to *NECA-IBEW Health & Welfare Fund v. Goldman Sachs & Co.*, 693 F.3d 145 (2d Cir. 2012) and reserves its right to amend this proof of claim accordingly.

9. At the time of the filing of RALI's Petition and continuing up to and including the present time, RALI was and is liable to Lead Plaintiff and the Initial Class for damages in an amount not yet determined, plus interest, costs and attorneys' fees as allowed (the "Claim").

10. The MBS Litigation is not proceeding against RALI or any Debtor Defendant pursuant to the dictates of the automatic stay, and is proceeding on a limited basis against certain Non-Debtor Defendants pursuant to the terms of a Stipulation and Order approved by the Bankruptcy Court [Doc. No. 86 in *Residential Capital, LLC, et al v. Allstate Ins. Co., et al*, (Adv. Pro. No. 12-ap-01671(MG) (SDNY))].

11. Lead Plaintiff files this Proof of Claim on behalf of itself and the Initial Class and its members individually and/or as a group, with a reservation of rights to identify additional Initial Class members in the future.

12. The Claim is not founded upon a specific writing, although certain documents, too voluminous and burdensome to annex hereto, which, upon information and belief, relate to RALI's violations of the Federal Securities Laws from which this Claim arises, are available. In addition, certain of these documents, as well as other documents, may become available upon completion of discovery with respect to the Claim.

13. No payments have been made on account of this Claim.

14. The Claim is not subject to any setoff or counterclaim.

15. No security interest in held for this Claim.

16. The Claim is asserted in addition to all other claims that Lead Plaintiff and individual members of the Initial Class may have against RALI.

Dated: November 15, 2012
New York, New York

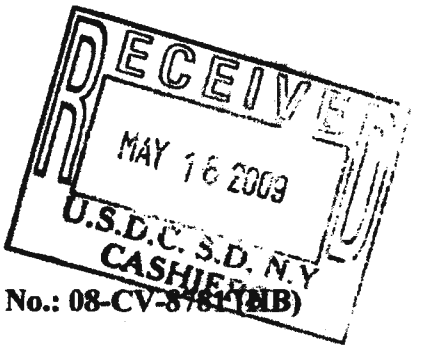
LOWENSTEIN SANDLER PC
Michael S. Etkin (ME0570)
Ira M. Levee (IL9958)
Andrew D. Behlmann (AB1174)
1251 Avenue of the Americas, 17th Floor
New York, New York 10020
(212) 262-6700 (Telephone)
(212) 262-7402 (Facsimile)

and

65 Livingston Avenue
Roseland, New Jersey 07068
(973) 597-2500 (Telephone)
(973) 597-2481 (Facsimile)

Bankruptcy Counsel for Lead Plaintiff and the Initial Class

EXHIBIT A



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NEW JERSEY CARPENTERS HEATLH FUND, NEW JERSEY CARPENTERS VACATION FUND and BOILERMAKER BLACKSMITH NATIONAL PENSION TRUST, *on Behalf of Themselves and All Others Similarly Situated,*

Plaintiffs,

v.

RESIDENTIAL CAPITAL, LLC, RESIDENTIAL FUNDING, LLC, RESIDENTIAL ACCREDITED LOANS, INC., BRUCE J. PARADIS, KENNETH M. DUNCAN, DAVEE L. OLSON, RALPH T. FLEES, LISA R. LUNDSTEN, JAMES G. JONES, DAVID M. BRICKER, JAMES N. YOUNG, RESIDENTIAL FUNDING SECURITIES CORPORATION d/b/a GMAC RFC SECURITIES, GOLDMAN, SACHS & CO., RBS SECURITIES, INC. f/k/a GREENWICH CAPITAL MARKETS, INC, d/b/a RBS GREENWICH CAPITAL, DEUTSCHE BANK SECURITIES, INC., CITIGROUP GLOBAL MARKETS, INC., CREDIT SUISSE SECURITIES (USA) LLC, BANK OF AMERICA CORPORATION *as successor-in-interest to* MERRILL LYNCH, PIERCE, FENNER & SMITH, INC., UBS SECURITIES, LLC, JPMORGAN CHASE, INC. *as successor-in-interest to* BEAR, STEARNS & CO., INC. and MORGAN STANLEY & CO., INC.,

Defendants.

Case No.: 08-CV-3781 (RJH)

CONSOLIDATED FIRSTAMENDED SECURITIES CLASS ACTION COMPLAINT

ECF CASE

Exhibit 24

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 4813, filed by Union Central, on Nov. 16, 2012

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: **Residential Accredit Loans, Inc. Case No. 12-12052 (MG)**

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) (may be filed pursuant to 11 U.S.C. §503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
The Union Central Life Insurance Company

☐ Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:
Michael S. Etkin and Ira M. Levee
Lowenstein Sandler PC
65 Livingston Ave.
Roseland, NJ 07068
Telephone number: 973.597.2500 email: ilevee@lowenstein.com; metkin@lowenstein.com

Court Claim Number:_____
(If known)

Filed on:_____

Name and address where payment should be sent (if different from above):

☑ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: $ Not less than approximately $30,819,635.00

If all or part of your claim is secured, complete item 4.
If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Violations of Federal Securities Laws
(See instruction #2)

Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3a. Debtor may have scheduled account as:**
— — — —	(See instruction #3a)	(See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____ **Annual Interest Rate** _____% ☐ Fixed ☐ Variable
(when case was filed)

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured:** $_____

6. Claim Pursuant to 11 U.S.C. §503(b)(9):
Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.
$_____ (See instruction #6)

7. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7).

8. Documents: Attach **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of a security interest. *(See instruction #8, and the definition of "redacted")*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain: See attached Rider

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507(a)(4).

☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(5).

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).

☐ Other - Specify applicable paragraph of 11 U.S.C. §507(a)(__).

Amount entitled to priority:

$_____

**Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor. ☑ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Ira M. Levee
Title: Attorney
Company: Lowenstein Sandler PC
Address and telephone number (if different from notice address above):

(Signature) 11/15/12 (Date)

Telephone Number: Email:

RECEIVED
NOV 16 2012
KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment f



Lowenstein Sandler
ATTORNEYS AT LAW

Ira M. Levee
Of Counsel
Tel 973 597 2480
Fax 973 597 2481
ilevee@lowenstein.com

November 15, 2012

Via Fedex

RESCAP Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Re: Residential Capital, LLC
Case No. 12-12020 (MG)

Enclosed for filing are an original and one (1) copy of each of the following proofs of claim as against the designated Debtors:

A. Residential Capital, LLC Case No. 12-12020(MG)

1. Acacia Life Insurance Company
2. Ameritas Life Insurance Corp.
3. The Union Central Life Insurance Company

B. Residential Funding Company, LLC Case No. 12-12019(MG)

1. Acacia Life Insurance Company
2. Ameritas Life Insurance Corp.
3. The Union Central Life Insurance Company

C. Residential Accredit Loans, Inc. Case No. 12-12052(MG)

1. Acacia Life Insurance Company
2. Ameritas Life Insurance Corp.
3. The Union Central Life Insurance Company

Please return a copy of each proof of claim marked "Filed" or "Received" in the envelope provided.

Very truly yours,

Ira M. Levee

IML:lar
27032/2
11/15/12 22189980.1
Enclosure(s)
cc: Steven W. Pepich, Esq. (w/encl.)
Michael S. Etkin, Esq. (w/o encl.)

RIDER TO PROOF OF CLAIM OF THE UNION CENTRAL LIFE INSUARNCE COMPANY

Attached is the first page of the *Amended Complaint for Violations of the Federal Securities Laws and New York Common Law Fraud* filed in the matter entitled *The Union Central Life Insurance Company, et al. v. Ally Financial Inc. et al.*, Civ. Act. No. 11-cv-02890-GBD (S.D.N.Y.) (the "Complaint") (a complete copy of the Complaint is available upon request). The Complaint reflects all losses by The Union Central Life Insurance Company against the Debtors, except certain losses relating to purchases made prior to 2005 which are included for purposes of this Proof of Claim.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE UNION CENTRAL LIFE INSURANCE COMPANY, AMERITAS LIFE INSURANCE CORP. and ACACIA LIFE INSURANCE COMPANY, Plaintiffs, vs. ALLY FINANCIAL, INC., RESIDENTIAL FUNDING SECURITIES, LLC, RESIDENTIAL CAPITAL LLC, RESIDENTIAL FUNDING COMPANY LLC, RESIDENTIAL ACCREDIT LOANS, INC., CITIGROUP, INC., CITIGROUP GLOBAL MARKETS INC., CITIMORTGAGE, INC., CITIGROUP GLOBAL MARKETS REALTY CORP., CITIGROUP MORTGAGE SECURITIES, INC., CITIGROUP MORTGAGE LOAN TRUST INC., DEUTSCHE BANK SECURITIES INC., GOLDMAN, SACHS & CO., GS MORTGAGE SECURITIES CORP., GOLDMAN SACHS MORTGAGE COMPANY, HSBC SECURITIES (USA) INC., INDYMAC RMBS, INC , MORGAN STANLEY, MORGAN STANLEY & CO. INCORPORATED, MORGAN STANLEY CAPITAL I INC., RBS SECURITIES, INC. SUNTRUST CAPITAL MARKETS, INC., UBS AG, UBS SECURITIES LLC, MORTGAGE ASSET SECURITIZATION TRANSACTIONS, INC., WAMU CAPITAL CORP., WASHINGTON MUTUAL MORTGAGE SECURITIES CORP., RANDAL COSTA, DOUGLAS R. KRUEGER, BRUCE J. PARADIS and DANIEL L. SPARKS, Defendants.	Civil Action No. 11-cv-02890-GBD AMENDED COMPLAINT FOR ~~VIOLATIONS OF THE FEDERAL~~ SECURITIES LAWS AND NEW YORK COMMON LAW FRAUD DEMAND FOR JURY TRIAL

Exhibit 25

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Proof of Claim No. 5305, filed by CPIM, on Nov. 16, 2012

Claim #5305 Date Filed: 11/16/2012

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK | **PROOF OF CLAIM**

Name of Debtor and Case Number: **Residential Asset Securities Corporation Case No. 12-12054 (MG)**

NOTE: *This form should not be used to make a claim for an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) arising after the commencement of the case. A "request" for payment of an administrative expense (other than a claim asserted under 11 U.S.C. §503(b)(9)) (may be filed pursuant to 11 U.S.C. §503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
Cambridge Place Investment Management Inc.

☐ Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:
Michael S. Etkin and Ira M. Levee
Lowenstein Sandler PC
65 Livingston Ave.
Roseland, NJ 07068
Telephone number: 973.597.2500 email: ilevee@lowenstein.com; metkin@lowenstein.com

■ Date Stamped Copy Returned
☐ No self addressed stamped envelope
☐ No copy to return

Court Claim Number:_____
(If known)

Filed on:_____

Name and address where payment should be sent (if different from above):

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: $ Not less than approximately $24,101,963.00

If all or part of your claim is secured, complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Violations of Massachusetts State Securities Laws
(See instruction #2)

Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3a. Debtor may have scheduled account as:**
____	(See instruction #3a)	(See instruction #3b)

4. Secured Claim (See instruction #4)

Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____ **Annual Interest Rate** _____% ☐ Fixed ☐ Variable
(when case was filed)

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured: $**_____

6. Claim Pursuant to 11 U.S.C. §503(b)(9):

Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before May 14, 2012, the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$_____ (See instruction #6)

7. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7).

8. Documents: Attach **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of a security interest. *(See instruction #8, and the definition of "redacted")*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain: A copy of the first page of each of the underlying complaints is attached hereto. Complete copies are available upon request.

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507(a)(4).

☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(5).

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).

☐ Other - Specify applicable paragraph of 11 U.S.C. §507(a)(__).

Amount entitled to priority:

$_____

**Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

9. Signature: (See instruction #9) Check the appropriate box.

☐ I am the creditor. ☑ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Ira M. Levee
Title: Attorney
Company: Lowenstein Sandler PC
Address and telephone number (if different from notice address above):

Ira M. Levee 11/15/12
(Signature) Date

Telephone Number: Email:

RECEIVED
NOV 16 2012
KURTZMAN CARSON CONSULTANTS

COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonm



Lowenstein Sandler
ATTORNEYS AT LAW

Ira M. Levee
Of Counsel
Tel 973 597 2480
Fax 973 597 2481
ilevee@lowenstein.com

November 15, 2012

VIA FEDEX

RESCAP Claims Processing Center
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Re: Residential Capital, LLC
Case No. 12-12020 (MG)

Enclosed for filing are an original and one (1) copy of the proofs of claim on behalf of Cambridge Place Investment Management Inc. as against the following Debtors:

1. Residential Accredit Loans, Inc. Case No. 12-12052(MG)

2. Residential Asset Mortgage Products, Inc. Case No. 12-12053(MG)

3. Residential Asset Securities Corporation Case No. 12-12054(MG)

Please return a copy of each proof of claim marked "Filed" or "Received" in the envelope provided.

Very truly yours,



Ira M. Levee

IML:lar

27041/2
11/15/12 22188431.1

Enclosure(s)
cc: Jonathan D. Uslaner, Esq. (w/encl.)
David R. Stickney, Esq. (w/encl.)
Michael S. Etkin, Esq. (w/o encl.)

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

SUPERIOR COURT
CIVIL ACTION NO. 10-2741-BLS1

CAMBRIDGE PLACE INVESTMENT MANAGEMENT INC.,

Plaintiff,

v.

MORGAN STANLEY & CO., INC.; CITIGROUP GLOBAL MARKETS INC.; CREDIT SUISSE SECURITIES (USA) LLC; RBS SECURITIES, INC.; DEUTSCHE BANK SECURITIES, INC.; MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.; UBS SECURITIES LLC; GOLDMAN, SACHS & CO.; J.P. MORGAN SECURITIES INC.; COUNTRYWIDE SECURITIES CORPORATION; FBR CAPITAL MARKETS & CO.; HSBC SECURITIES (USA), INC.; BANC OF AMERICA SECURITIES LLC; RESIDENTIAL FUNDING SECURITIES, LLC; BARCLAYS CAPITAL INC.; ACCREDITED MORTGAGE LOAN REIT TRUST; ACE SECURITIES CORPORATION; AEGIS ASSET BACKED SECURITIES CORPORATION; ALLIANCE SECURITIES CORPORATION; AMERICAN HOME MORTGAGE ASSETS LLC; AMERIQUEST MORTGAGE SECURITIES INC.; ARGENT SECURITIES INC.; ASSET BACKED FUNDING CORPORATION; ASSET BACKED SECURITIES CORPORATION; BANC OF AMERICA MORTGAGE SECURITIES, INC.; BCAP LLC; BEAR STEARNS ASSET BACKED SECURITIES I LLC; CITIGROUP MORTGAGE LOAN TRUST INC.; CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES

AMENDED COMPLAINT and JURY DEMAND



[CAPTION CONTINUED ON NEXT PAGE]

CORP.; CWABS, INC.; CWALT, INC.; FBR SECURITIZATION, INC.; FIELDSTONE MORTGAGE INVESTMENT CORPORATION; FINANCIAL ASSET SECURITIES CORP.; FREMONT MORTGAGE SECURITIES CORPORATION; GS MORTGAGE SECURITIES CORP.; HSI ASSET SECURITIZATION CORPORATION; J.P. MORGAN ACCEPTANCE CORPORATION I; LONG BEACH SECURITIES CORP.; MERRILL LYNCH MORTGAGE INVESTORS, INC.; MORGAN STANLEY ABS CAPITAL I INC.; MORGAN STANLEY CAPITAL I INC.; MORTGAGE ASSET SECURITIZATION TRANSACTIONS, INC.; NATIONSTAR FUNDING LLC; NEW CENTURY MORTGAGE SECURITIES LLC; NEW CENTURY MORTGAGE SECURITIES, INC.; NOVASTAR MORTGAGE FUNDING CORPORATION; PARK PLACE SECURITIES, INC.; PEOPLE'S CHOICE HOME LOAN SECURITIES CORP.; POPULAR ABS, INC.; RESIDENTIAL ACCREDIT LOANS, INC.; RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.; RESIDENTIAL ASSET SECURITIES CORPORATION; SACO I INC.; SAXON ASSET SECURITIES COMPANY; SECURITIZED ASSET BACKED RECEIVABLES LLC; STANWICH ASSET ACCEPTANCE COMPANY, L.L.C.; STRUCTURED ASSET MORTGAGE INVESTMENTS II INC.; and WASHINGTON MUTUAL MORTGAGE SECURITIES CORP.

Defendants.

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

SUPERIOR COURT
CIVIL ACTION NO. 11-0555-BLS1

CAMBRIDGE PLACE INVESTMENT MANAGEMENT INC.,

Plaintiff,

v.

MORGAN STANLEY & CO., INC.; CITIGROUP GLOBAL MARKETS INC.; CREDIT SUISSE SECURITIES (USA) LLC; RBS SECURITIES, INC.; DEUTSCHE BANK SECURITIES, INC.; MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.; UBS SECURITIES LLC; GOLDMAN, SACHS & CO.; J.P. MORGAN SECURITIES INC.; COUNTRYWIDE SECURITIES CORPORATION; FBR CAPITAL MARKETS & CO.; HSBC SECURITIES (USA), INC.; BANC OF AMERICA SECURITIES LLC; RESIDENTIAL FUNDING SECURITIES, LLC; BARCLAYS CAPITAL INC.; ACE SECURITIES CORPORATION; AMERIQUEST MORTGAGE SECURITIES INC.; ARGENT SECURITIES INC.; ASSET BACKED FUNDING CORPORATION; ASSET BACKED SECURITIES CORPORATION; BEAR STEARNS ASSET BACKED SECURITIES I LLC; CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP.; CWABS, INC.; FBR SECURITIZATION, INC.; FINANCIAL ASSET SECURITIES CORP.; FREMONT MORTGAGE SECURITIES CORPORATION; GS MORTGAGE SECURITIES CORP.; HSI ASSET SECURITIZATION CORPORATION; LONG BEACH SECURITIES CORP.;

AMENDED COMPLAINT and JURY DEMAND

RECEIVED
OCT 14 2011
SUPERIOR COURT
DEPARTMENT OF THE TRIAL COURT
FOR CIVIL BUSINESS

[CAPTION CONTINUED ON NEXT PAGE]

MERRILL LYNCH MORTGAGE INVESTORS, INC.; MORGAN STANLEY ABS CAPITAL I INC.; MORGAN STANLEY CAPITAL I INC.; MORTGAGE ASSET SECURITIZATION TRANSACTIONS, INC.; NEW CENTURY MORTGAGE SECURITIES, INC.; NOVASTAR MORTGAGE FUNDING CORPORATION; PARK PLACE SECURITIES, INC.; POPULAR ABS, INC.; RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.; RESIDENTIAL ASSET SECURITIES CORPORATION; SAXON ASSET SECURITIES COMPANY; SECURITIZED ASSET BACKED RECEIVABLES LLC; and STANWICH ASSET ACCEPTANCE COMPANY, L.L.C..

Defendants.

Exhibit 26

Local Rule 7056-1 Statement of Stipulated Undisputed Facts and Agreed-To Exhibits

Schedule of Proofs of Claim Filed by Investors AIG, Allstate, MassMutual, and Prudential

Proofs of Claim Filed by the Investors

Allstate entities

1. Allstate Insurance Company against Residential Capital, LLC (Case No. 12-12020)
2. Allstate Insurance Company against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
3. Allstate Insurance Company against Residential Accredit Loans, Inc. (Case No. 12-12052)
4. Allstate Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
5. Allstate Insurance Company against Residential Funding Mortgage Securities I, Inc. (Case No. 12-12060)
6. Allstate Insurance Company against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
7. Allstate Insurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
8. Allstate Insurance Company against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
9. Allstate Life Insurance Co. against Residential Capital, LLC (Case No. 12-12020)
10. Allstate Life Insurance Co. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
11. Allstate Life Insurance Co. against Residential Accredit Loans, Inc. (Case No. 12-12052)
12. Allstate Life Insurance Co. against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
13. Allstate Life Insurance Co. against Residential Asset Securities Corp. (Case No. 12-12054)
14. Allstate Life Insurance Co. against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
15. Allstate Life Insurance Co. against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
16. Allstate Life Insurance Co. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
17. Allstate New Jersey Insurance Co. against Residential Capital, LLC (Case No. 12-12020)
18. Allstate New Jersey Insurance Co. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
19. Allstate New Jersey Insurance Co. against Residential Accredit Loans, Inc. (Case No. 12-12052)
20. Allstate New Jersey Insurance Co. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
21. American Heritage Life Insurance Co. against Residential Capital, LLC (Case No. 12-12020)
22. American Heritage Life Insurance Co. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
23. American Heritage Life Insurance Co. against Residential Funding Mortgage Securities I, Inc. (Case No. 12-12060)
24. American Heritage Life Insurance Co. against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)

25. American Heritage Life Insurance Co. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
26. First Colonial Insurance Co. against Residential Capital, LLC (Case No. 12-12020)
27. First Colonial Insurance Co. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
28. First Colonial Insurance Co. against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
29. First Colonial Insurance Co. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
30. Kennett Capital, Inc. against Residential Capital, LLC (Case No. 12-12020)
31. Kennett Capital, Inc. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
32. Kennett Capital, Inc. against Residential Accredit Loans, Inc. (Case No. 12-12052)
33. Kennett Capital, Inc. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)

AIG Asset Management (U.S.), LLC and affiliates

1. AIG Securities Lending Corporation against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
2. AIG Securities Lending Corporation against Homecomings Financial, LLC (f/k/a Homecomings Network, Inc.) (Case No. 12-12042)
3. AIG Securities Lending Corporation against Residential Accredit Loans, Inc. (Case No. 12-12052)
4. AIG Securities Lending Corporation against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
5. AIG Securities Lending Corporation against Residential Asset Securities Corporation (Case No. 12-12054)
6. AIG Securities Lending Corporation against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
7. American International Group Retirement Plan against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
8. American International Group Retirement Plan against Homecomings Financial, LLC (f/k/a Homecomings Network, Inc.) (Case No. 12-12042)
9. American International Group Retirement Plan against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
10. American International Group Retirement Plan against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
11. American International Group, Inc. against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
12. American International Group, Inc. against Homecomings Financial, LLC (f/k/a Homecomings Network, Inc.) (Case No. 12-12042)
13. American International Group, Inc. against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
14. American International Group, Inc. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)

15. American International Group, Inc. against Residential Funding Mortgage Securities I, Inc. (Case No. 12-12060)
16. American International Group, Inc. against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
17. First Sunamerica Life Insurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
18. First Sunamerica Life Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
19. Lexington Insurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
20. Lexington Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
21. Sunamerica Annuity and Life Assurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
22. Sunamerica Annuity and Life Assurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
23. Sunamerica Life Insurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
24. Sunamerica Life Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
25. The United States Life Insurance Company in the City of New York against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
26. The United States Life Insurance Company in the City of New York against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
27. Western National Life Insurance Company against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
28. Western National Life Insurance Company against Homecomings Financial, LLC (f/k/a Homecomings Network, Inc.) (Case No. 12-12042)
29. Western National Life Insurance Company against Residential Accredit Loans, Inc. (Case No. 12-12052)
30. Western National Life Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
31. Western National Life Insurance Company against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
32. Western National Life Insurance Company against Residential Funding Mortgage Securities I, Inc. (Case No. 12-12060)

Massachusetts Mutual Life Insurance Company

1. Massachusetts Mutual Life Insurance Company against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
2. Massachusetts Mutual Life Insurance Company against Residential Accredit Loans, Inc. (Case No. 12-12052)
3. Massachusetts Mutual Life Insurance Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
4. Massachusetts Mutual Life Insurance Company against Residential Asset Securities Corp. (Case No. 12-12054)

Prudential entities

1. Commerce Street Investments, LLC against Residential Capital, LLC (Case No. 12-12020)
2. Commerce Street Investments, LLC against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
3. Commerce Street Investments, LLC against Residential Asset Securities Corp. (Case No. 12-12054)
4. Commerce Street Investments, LLC against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
5. Commerce Street Investments, LLC against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
6. Park Place Commerce Investments, LLC against Residential Capital, LLC (Case No. 12-12020)
7. Park Place Commerce Investments, LLC against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
8. Park Place Commerce Investments, LLC against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
9. Park Place Commerce Investments, LLC against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
10. Pru Alpha Fixed Income Opportunity Master Fund I, L.P. against Residential Capital, LLC (Case No. 12-12020)
11. Pru Alpha Fixed Income Opportunity Master Fund I, L.P. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
12. Pru Alpha Fixed Income Opportunity Master Fund I, L.P. against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
13. Pru Alpha Fixed Income Opportunity Master Fund I, L.P. against Residential Asset Securities Corp. (Case No. 12-12054)
14. Pru Alpha Fixed Income Opportunity Master Fund I, L.P. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
15. Pruco Life Insurance Company against Residential Capital, LLC (Case No. 12-12020)
16. Pruco Life Insurance Company against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
17. Pruco Life Insurance Company against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
18. Pruco Life Insurance Company against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
19. Pruco Life Insurance Company of New Jersey against Residential Capital, LLC (Case No. 12-12020)
20. Pruco Life Insurance Company of New Jersey against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
21. Pruco Life Insurance Company of New Jersey against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
22. Pruco Life Insurance Company of New Jersey against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
23. Prudential Annuities Life Assurance Corporation against Residential Capital, LLC (Case No. 12-12020)
24. Prudential Annuities Life Assurance Corporation against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
25. Prudential Annuities Life Assurance Corporation against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
26. Prudential Annuities Life Assurance Corporation against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
27. Prudential Investment Portfolios 2 against Residential Capital, LLC (Case No. 12-12020)
28. Prudential Investment Portfolios 2 against GMAC-RFC Holding Company, LLC (Case No. 12-12029)

29. Prudential Investment Portfolios 2 against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
30. Prudential Investment Portfolios 2 against Residential Asset Securities Corp. (Case No. 12-12054)
31. Prudential Investment Portfolios 2 against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
32. Prudential Investment Portfolios 2 against GMAC Mortgage, LLC (f/k/a GMAC Mortgage Corp.) (Case No. 12-12032)
33. Prudential Investment Portfolios 2 against Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
34. Prudential Retirement Insurance & Annuities Company against Residential Capital, LLC (Case No. 12-12020)
35. Prudential Retirement Insurance & Annuities Company against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
36. Prudential Retirement Insurance & Annuities Company against Residential Asset Securities Corp. (Case No. 12-12054)
37. Prudential Retirement Insurance & Annuities Company against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
38. Prudential Retirement Insurance & Annuities Company against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
39. Prudential Total Return Bond Fund, Inc. against Residential Capital, LLC (Case No. 12-12020)
40. Prudential Total Return Bond Fund, Inc. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
41. Prudential Total Return Bond Fund, Inc. against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
42. Prudential Total Return Bond Fund, Inc. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
43. Prudential Trust Company against Residential Capital, LLC (Case No. 12-12020)
44. Prudential Trust Company against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
45. Prudential Trust Company against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
46. Prudential Trust Company against Residential Asset Securities Corp. (Case No. 12-12054)
47. Prudential Trust Company against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)
48. Prudential Trust Company against Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
49. The Gibraltar Life Insurance Company, Ltd. against Residential Capital, LLC (Case No. 12-12020)
50. The Gibraltar Life Insurance Company, Ltd. against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
51. The Gibraltar Life Insurance Company, Ltd. against Residential Asset Securities Corp. (Case No. 12-12054)
52. The Gibraltar Life Insurance Company, Ltd. against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
53. The Prudential Insurance Company of America against Residential Capital, LLC (Case No. 12-12020)
54. The Prudential Insurance Company of America against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
55. The Prudential Insurance Company of America against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
56. The Prudential Insurance Company of America against Residential Asset Securities Corp. (Case No. 12-12054)
57. The Prudential Insurance Company of America against Residential Funding Mortgage Securities II, Inc. (Case No. 12-12061)

58. The Prudential Insurance Company of America against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)
59. The Prudential Series Fund, Diversified Bond Portfolio against Residential Capital, LLC (Case No. 12-12020)
60. The Prudential Series Fund, Diversified Bond Portfolio against GMAC-RFC Holding Company, LLC (Case No. 12-12029)
61. The Prudential Series Fund, Diversified Bond Portfolio against Residential Asset Mortgage Products, Inc. (Case No. 12-12053)
62. The Prudential Series Fund, Diversified Bond Portfolio against Residential Funding Company, LLC (f/k/a Residential Funding Corp.) (Case No. 12-12019)