

\$569,880,000 (Approximate)



FannieMae®

**Guaranteed Grantor Trust Pass-Through Certificates  
Fannie Mae Grantor Trust 2004-T10**

Consider carefully the risk factors starting on page 8 of this prospectus and on page 8 of the attached information circular. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

**The Certificates**

We, the Federal National Mortgage Association or Fannie Mae, will issue the certificates listed in the chart below. The certificates will represent ownership interests in the trust assets.

**Payments to Certificateholders**

You, the investor, will receive monthly payments on your certificates, including

- interest in an amount equal to the interest paid in that month on the underlying REMIC security, and
- principal in an amount equal to the principal paid in that month on the underlying REMIC security.

We may pay principal in amounts which vary from time to time.

**The Fannie Mae Guaranty**

We will guarantee that the payments of monthly interest and principal described above are paid to investors on time. In addition, we guarantee that the outstanding principal balance of the certificates will be paid no later than the final distribution date shown below.

**The Trust and Its Assets**

The trust will own the Class 1-AV-1 Certificate described in this prospectus which will represent the senior ownership interest in a group of conventional mortgage loans made to borrowers with blemished credit histories as described further in this prospectus and the attached information circular. The mortgage loans bear adjustable rates of interest and are secured by first liens on one- to four-family residential properties. In the attached information circular, this group is referred to as "loan group 2."

Class	Original Class Balance(1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
1AV1	\$569,880,000	SC/PT	(2)	FLT/AFC	31394B2G8	June 2035

(1) Approximate, subject to a permitted variance of plus or minus 10%.

(2) The certificates will bear interest at the variable rate borne by the underlying REMIC security as described further in the attached information circular.

The underwriters listed below will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be December 30, 2004.

**Countrywide Securities Corporation (Lead Manager)**

**Goldman, Sachs & Co. (Co-Manager)**

**RBS Greenwich Capital (Co-Manager)**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>ADDITIONAL INFORMATION</b> .....	3	<i>Principal Distribution Amount</i> .....	14
<b>INCORPORATION BY REFERENCE</b> ...	3	CLASS DEFINITIONS AND ABBREVIATIONS ..	15
<b>RECENT DEVELOPMENTS</b> .....	4	YIELD, MODELING ASSUMPTIONS, DECREMENT TABLE, WEIGHTED AVERAGE LIFE .....	15
<b>REFERENCE SHEET</b> .....	6	<b>THE TRUST AGREEMENT</b> .....	15
<b>RISK FACTORS</b> .....	8	REPORTS TO CERTIFICATEHOLDERS .....	15
<b>DESCRIPTION OF THE CERTIFICATES</b> .....	11	CERTAIN MATTERS REGARDING FANNIE MAE .....	16
GENERAL .....	11	EVENTS OF DEFAULT .....	16
<i>Structure</i> .....	11	RIGHTS UPON EVENT OF DEFAULT .....	16
<i>Fannie Mae Guaranty</i> .....	12	AMENDMENT .....	16
<i>Characteristics of Certificates</i> .....	12	TERMINATION .....	17
<i>Authorized Denominations</i> .....	12	<b>CERTAIN FEDERAL INCOME TAX CONSEQUENCES</b> .....	17
<i>Distribution Date</i> .....	12	TAXATION OF BENEFICIAL OWNERS OF CERTIFICATES .....	17
<i>Record Date</i> .....	12	TAXATION OF THE UNDERLYING REMIC SECURITY .....	18
<i>Class Factors</i> .....	13	INFORMATION REPORTING AND BACKUP WITHHOLDING .....	18
<i>Underlying Loan Clean-up Call; Termination of the Underlying REMIC Trust</i> .....	13	FOREIGN INVESTORS .....	19
<i>Option to Repurchase Delinquent Loans</i> ...	13	<b>LEGAL INVESTMENT CONSIDERATIONS</b> .....	19
<i>Voting the Underlying REMIC Security</i> ...	13	<b>LEGAL OPINION</b> .....	20
THE UNDERLYING REMIC SECURITY .....	13	<b>ERISA CONSIDERATIONS</b> .....	20
BOOK-ENTRY PROCEDURES .....	13	<b>PLAN OF DISTRIBUTION</b> .....	21
<i>General</i> .....	13	<b>LEGAL MATTERS</b> .....	21
<i>Method of Distribution</i> .....	14	<b>INDEX OF DEFINED TERMS</b> .....	22
PAYMENTS OF INTEREST .....	14	<b>INFORMATION CIRCULAR</b>	
<i>Categories</i> .....	14		
<i>Interest Distribution Amount</i> .....	14		
PAYMENTS OF PRINCIPAL .....	14		
<i>Category</i> .....	14		

## **ADDITIONAL INFORMATION**

You should purchase the certificates only if you have read this prospectus and the following documents (the “Disclosure Documents”):

- the information circular dated December 20, 2004 relating to the underlying REMIC security, which is attached to, and forms a part of, this prospectus; and
- any information incorporated by reference in this prospectus as discussed below under the heading “Incorporation by Reference.”

You can obtain copies of all of the Disclosure Documents by writing or calling us at:

Fannie Mae  
3900 Wisconsin Avenue, N.W.  
Area 2H-3S  
Washington, D.C. 20016  
(telephone 1-800-237-8627).

In addition, the Disclosure Documents and the class factor for the certificates are available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com).

You also can obtain copies of this prospectus, including the information circular, by writing or calling the underwriters at:

Countrywide Securities Corporation  
Prospectus Department  
4500 Park Granada  
Calabasas, California 91302  
(telephone 1-800-669-6094)

or

Goldman, Sachs & Co.  
Prospectus Department  
85 Broad Street, Concourse Level  
New York, New York 10004  
(telephone 212-902-1171)

or

Greenwich Capital Markets, Inc.  
Prospectus Department  
600 Steamboat Road  
Greenwich, Connecticut 06830  
(telephone 203-618-2318).

## **INCORPORATION BY REFERENCE**

We are incorporating by reference in this prospectus the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus, so you should read this prospectus, and any applicable supplements or amendments, together with these documents.

You should rely only on the information provided or incorporated by reference in this prospectus, and any applicable supplements or amendments, together with the other Disclosure Documents.

We incorporate by reference the following documents we have filed, or may file, with the Securities and Exchange Commission (“SEC”):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (“Form 10-K”);
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Form 10-K until the date of this prospectus, excluding any information “furnished” to the SEC on Form 8-K; and

- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this prospectus and prior to the completion of the offering of the certificates, excluding any information we “furnish” to the SEC on Form 8-K.

Any information incorporated by reference in this prospectus is deemed to be modified or superseded for purposes of this prospectus to the extent information contained or incorporated by reference in this prospectus modifies or supersedes such information. In such case, the information will constitute a part of this prospectus only as so modified or superseded.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can obtain copies of the periodic reports we file with the SEC without charge by calling or writing our Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016, telephone: (202) 752-7115. The periodic and current reports that we file with the SEC are also available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com). Information appearing on our Web site is not incorporated in this prospectus except as specifically stated in this prospectus.

In addition, you may read our SEC filings and other information about Fannie Mae at the offices of the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. Our SEC filings are also available at the SEC’s Web site at [www.sec.gov](http://www.sec.gov). You also may read and copy any document we file with the SEC by visiting the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. We are providing the address of the SEC’s internet site solely for the information of prospective investors. Information appearing on the SEC’s Web site is not incorporated in this prospectus except as specifically stated in this prospectus.

## RECENT DEVELOPMENTS

On December 21, 2004, our Board of Directors announced the retirement of Chairman and Chief Executive Officer Franklin D. Raines and the resignation of Vice Chairman and Chief Financial Officer J. Timothy Howard. A member of our Board of Directors (the “Board”), Stephen B. Ashley, will become the non-executive chairman of the Board, Vice Chairman and Chief Operating Officer Daniel H. Mudd will serve as interim chief executive officer, and Executive Vice President Robert Levin will serve as interim chief financial officer. The Board further announced that the audit committee of the Board dismissed KPMG LLP as the company’s independent auditor and has initiated a search for a new independent auditor.

On December 21, 2004, the Office of Federal Housing Enterprise Oversight (“OFHEO”) issued a letter (the “Letter”) to our Board stating that we were significantly undercapitalized at September 30, 2004. In accordance with the provisions of the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, we must submit a capital restoration plan proposal to OFHEO for review and approval, and we are prohibited from making any capital distribution that would result in Fannie Mae being reclassified as critically undercapitalized. In addition, even if a capital distribution would not cause the company to become critically undercapitalized, we are prohibited from making the capital distribution unless OFHEO provides prior approval of the distribution after it finds that the distribution (i) will enhance the ability of the company to meet its capital requirements promptly; (ii) will contribute to long term safety and soundness; or (iii) is otherwise in the public interest. The Letter further states that the reclassification to significantly undercapitalized may lead to structural changes and restrictions on growth as well as OFHEO directives to terminate or modify any business activities that pose excessive risk.

On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission (the “SEC”) issued a statement (the “Statement”) regarding a review of certain accounting issues relating to Fannie Mae, including determinations by the SEC that Fannie Mae should (i) restate its financial statements to eliminate the use of hedge accounting, (ii) evaluate the accounting under Financial Accounting Standard No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases* (“FAS 91”)

and restate its financial statements filed with the SEC if the amounts required for correction are material, and (iii) re-evaluate the information prepared under generally accepted accounting principles (“GAAP”) and non-GAAP information that we previously provided to investors. On December 16, 2004, we filed a Current Report on Form 8-K with the SEC that includes a copy of the Statement.

On November 15, 2004, we filed a Form 12b-25 with the SEC stating that we were not able to file our Form 10-Q for the September 30, 2004 quarter by the November 15, 2004 due date. We included an announcement about the Form 12b-25 as an exhibit to a Form 8-K that we filed with the SEC on November 16, 2004.

On September 20, 2004, OFHEO delivered its report to Fannie Mae’s Board of Directors of its findings to date of the agency’s special examination. Among other matters, the OFHEO report raises a number of questions and concerns about our accounting policies and practices with respect to FAS 91 and Financial Accounting Standard No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

Forms 8-K that we file with the SEC prior to the completion of the offering of the certificates are incorporated by reference in this prospectus. This means that we are disclosing information to you by referring you to those documents. You should refer to the heading “Incorporation by Reference” above for further details on the information that we incorporate by reference in this prospectus and where to find it.

## REFERENCE SHEET

**This reference sheet highlights information contained elsewhere in this prospectus. As a reference sheet, it speaks in general terms without giving details or discussing any exceptions. You should purchase the certificates only after reading this prospectus and each of the other disclosure documents listed on page 3 of this prospectus.**

### General

- The certificates will represent ownership interests in the trust assets.
- The trust assets will consist of the Class 1-AV-1 Certificate to be issued by the underlying REMIC trust formed by CWABS, Inc., an affiliate of Countrywide Securities Corporation. The characteristics of this underlying REMIC security are described in the information circular.
- The underlying REMIC security will represent the senior ownership interest in a group of conventional mortgage loans made to borrowers with blemished credit histories. The mortgage loans bear adjustable interest rates and are secured by first liens on one- to four-family residential properties. This mortgage loan group is further described in the attached information circular where it is referred to as “loan group 2.” Unless otherwise indicated, references in this prospectus to the underlying loans are intended to refer to loan group 2 only.
- All amounts paid on the underlying REMIC security will be passed through to the certificate-holders. For a description of Fannie Mae’s guaranty of the certificates, see “Description of the Certificates—General—*Fannie Mae Guaranty*” in this prospectus.

### Characteristics of the Mortgage Loans Backing the Underlying REMIC Security

For information about the nature of the mortgage loans backing the underlying REMIC security, as well as the other mortgage loans held in the underlying REMIC trust, see the section of the information circular entitled “The Mortgage Pool.”

### Class Factors

On or before each monthly distribution date, we will publish the class factor for the certificates. If you multiply the class factor by the initial principal balance of a certificate, you will obtain the current principal balance of that certificate, after giving effect to the current month’s payment.

### Settlement Date

We expect to issue the certificates on December 30, 2004.

### Distribution Dates

Beginning in January 2005, we will make payments on the certificates on the 25th day of each calendar month, or on the next business day if the 25th is not a business day.

### Book-Entry Certificates

We will issue the certificates in book-entry form through The Depository Trust Company, which will track ownership of the certificates and payments on the certificates electronically.

**Payments of Interest**

We will pay monthly interest on the certificates in an amount equal to the interest paid in that month on the underlying REMIC security.

**Payments of Principal**

We will pay monthly principal on the certificates in an amount equal to the principal paid in that month on the underlying REMIC security.

**Guaranty Payments**

We guarantee that interest and principal on the certificates will be paid as provided above. In addition, we guarantee the payment of the outstanding principal balance of the certificates no later than the final distribution date listed on the cover of this prospectus.



## RISK FACTORS

We describe below some of the risks associated with an investment in the certificates. Because each investor has different investment needs and a different risk tolerance, you should consult your own financial and legal advisors to determine whether the certificates are a suitable investment for you. In addition to the risks discussed below, you should read the section entitled “Risk Factors” beginning on page 8 of the information circular.

### Suitability

*The certificates may not be a suitable investment.* The certificates are not a suitable investment for every investor. Before investing, you should carefully consider the following.

- You should have sufficient knowledge and experience to evaluate the merits and risks of the certificates and the information contained in this prospectus, the information circular and the other disclosure documents.
- You should thoroughly understand the terms of the certificates.
- You should thoroughly understand the terms of the underlying REMIC security and the related loans.
- You should be able to evaluate (either alone or with the help of a financial advisor) the economic, interest rate and other factors that may affect your investment.
- You should have sufficient financial resources and liquidity to bear all risks associated with the certificates.
- You should exercise particular caution if your circumstances do not permit you to hold the certificates until maturity.

*Some investors may be unable to buy the certificates.* Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy the certificates. You should get legal advice in determining whether your purchase of the certificates is a legal investment for you or is subject to any investment restrictions.

### Yield Considerations

*A variety of factors can affect your yield.* Your effective yield on the certificates will depend upon:

- monthly changes in the LIBOR index and the effect of periodic and lifetime caps on the interest rates of the underlying loans;
- the price you paid for the certificates;
- how quickly or slowly borrowers repay or prepay the underlying loans;
- the extent to which amounts on deposit in the pre-funding account (described in the information circular) are paid as principal of the underlying REMIC security and passed through to holders of the certificates on or before the February 2005 distribution date;
- if and when the underlying loans are liquidated due to borrower defaults, casualties or condemnations affecting the properties securing those loans;
- if and when the master servicer (as identified in the information circular) or Fannie Mae repurchases certain delinquent underlying loans;
- if and when the master servicer or the NIM insurer (as described in the information circular) exercises its limited right to terminate the underlying REMIC trust by purchasing all of the loans remaining in that trust; and
- the actual characteristics of the underlying loans.

*Yield may be lower than expected due to uncertain rate of principal payments.* The ac-



tual yield on your certificates probably will be lower than you expect:

- if you buy your certificates at a premium and principal payments on the underlying loans are faster than you expect, or
- if you buy your certificates at a discount and principal payments on the underlying loans are slower than you expect.

Even if the underlying loans are prepaid at a rate that on average is consistent with your expectations, variations over time in the prepayment rate of the underlying loans could significantly affect your yield. Generally, the earlier the payment of principal, the greater the effect on the yield to maturity. As a result, if the rate of principal prepayments on the underlying loans during any period is faster or slower than you expect, a corresponding reduction or increase in the prepayment rate during a later period may not fully offset the impact of the earlier prepayment rate on your yield.

Under certain circumstances, collections of interest on the underlying loans may be reduced as a result of prepayments in full and partial prepayments. If the master servicer is not required to make compensating interest payments sufficient to cover any such prepayment interest shortfalls, interest payments on the certificates could be reduced.

Certain assumptions concerning the underlying loans were used in preparing the tabular information set forth in the information circular. If the actual loan characteristics differ even slightly from those assumptions, the weighted average life and yield of the underlying REMIC security, and therefore the certificates, could be affected.

**You must make your own decision as to the assumptions, including the interest rate and principal payment assumptions, you will use in deciding whether to purchase the certificates.**

*Relief Act shortfalls may affect your yield.* Under certain circumstances, shortfalls in interest collections on the underlying loans may occur as a result of the application of the Servicemembers Civil Relief Act and similar state laws, collectively referred to in this prospectus

as the Relief Act. The Relief Act imposes limitations on the interest rates that may be charged on underlying loans whose mortgagors are engaged in military service (including military reservists and members of the National Guard). **The Fannie Mae guaranty does not cover any shortfalls resulting from the application of the Relief Act.**

*The certificates are subject to basis risk.* The pass-through rate on the underlying REMIC security adjusts monthly based on one-month LIBOR. The adjustable interest rates on the underlying loans, which in most cases are fixed for the first two or three years after origination, adjust less frequently than the pass-through rate on the underlying REMIC security and adjust on the basis of a different index. As a result, the certificates will be subject to basis risk, which may reduce their yield. However, prior to the termination date of the related corridor contract, the certificates will be entitled to receive amounts to cover such reductions in interest to the extent of any payments received by the trust under the related corridor contract. **In no event will the Fannie Mae guaranty cover any interest shortfalls due to basis risk or any failure of the trust to receive payments under the related corridor contract.**

*Unpredictable timing of last payment may affect your yield.* The actual final payment on the certificates may occur earlier, and could occur much earlier, than the final distribution date listed on the cover of this prospectus. If you assume the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

## **Prepayment Considerations**

*The rate of principal payments on the certificates depends on numerous factors and cannot be predicted.* The rate of principal payments on the certificates generally will depend on the rate of principal payments on the underlying loans. Principal payments will occur as a result of scheduled amortization or prepayments. The rate of principal payments is likely to vary considerably from time to time as a result of the liquidation of foreclosed mortgage loans.

It is highly unlikely that the underlying loans will prepay:

- at the rates we assume,
- at any constant prepayment rate until maturity, or
- at the same rate.

Substantially all of the underlying loans provide that the lender can require repayment in full if the borrower sells the property that secures the loan. In this way, property sales by borrowers can affect the rate of prepayment. In addition, if borrowers are able to refinance their loans by obtaining new loans secured by the same properties, any refinancing will affect the rate of prepayment. Furthermore, Countrywide Home Loans, Inc. has made representations and warranties with respect to the underlying loans and may have to repurchase the related loans if they fail to conform to those representations and warranties. Any such repurchases also will affect the rate of prepayment.

Once the balances of the underlying loans, together with all of the other mortgage loans held in the underlying REMIC trust, plus any related foreclosed real estate, are reduced to less than or equal to 10% of the sum of their balances as of the cut-off date and the amount originally deposited in the pre-funding account, the master servicer or the NIM insurer may purchase all the remaining assets of the underlying REMIC trust. In addition, the master servicer (as identified in the information circular) has the option to purchase underlying loans that become 150 days or more delinquent. Fannie Mae has an option to purchase underlying loans that become 90 days or more delinquent as further described in the information circular. If the underlying loans are purchased in either of the ways discussed above, such a purchase would have the same effect as a prepayment in full of the underlying loans. For a further description of the termination risks, you should read the information circular.

In general, the rates of prepayment may be influenced by:

- the level of current interest rates relative to the rates borne by the underlying loans,
- homeowner mobility,

- the general creditworthiness of the borrowers, and
- general economic conditions.

Because so many factors affect the rate of prepayment of a pool of mortgage loans, we cannot estimate the prepayment experience of the mortgage loans backing the underlying REMIC security.

*Overcollateralization will accelerate principal payments.* Due to the overcollateralization feature of the underlying REMIC trust, the rate of principal payments on the underlying REMIC security, and therefore on the certificates, will be somewhat faster from time to time than the rates of principal payments on the underlying loans.

*Distribution of unspent funds in the pre-funding account will have the same effect on the certificates as a prepayment of underlying loans.* As described in the information circular, funds on deposit in the pre-funding account held in the underlying REMIC trust will be used to purchase additional underlying loans on or before February 14, 2005. Any funds in the pre-funding account for loan group 2 remaining after that date will be distributed on the following distribution date as principal of the underlying REMIC security and, in turn, as principal of the certificates.

## **Reinvestment Risk**

*You may have to reinvest principal payments at a rate of return lower than that on the certificates.* Generally, a borrower may prepay a mortgage loan at any time. However, a substantial majority of the underlying loans impose a charge in connection with certain prepayments. As a result, we cannot predict the amount of principal payments on the certificates. The certificates may not be an appropriate investment for you if you require a specific amount of principal on a regular basis or on a specific date. Because interest rates fluctuate, you may not be able to reinvest the principal payments on the certificates at a rate of return that is as high as your rate of return on the certificates. You may have to reinvest those funds at a much lower rate of return. You should consider this risk in light of other investments that may be available to you.

## Market and Liquidity Considerations

*It may be difficult to resell your certificates and any resale may occur on adverse terms.* We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. Even if you are able to sell your certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors.

A number of factors may affect the resale of certificates, including:

- the payment to certificateholders of interest and principal in amounts based on the interest and principal paid on the underlying REMIC security;
- the characteristics of the underlying loans;
- past and expected prepayment levels of the underlying loans and comparable mortgage loans;
- the outstanding principal amount of the certificates;
- the amount of certificates offered for resale from time to time;
- any legal restrictions or tax treatment limiting demand for the certificates;
- the availability of comparable securities;
- the level, direction and volatility of interest rates generally; and
- general economic conditions.

*Terrorist activities and related military and political actions by the U.S. government could*

*cause reductions in investor confidence and substantial market volatility in real estate and securities markets.* It is impossible to predict the extent to which terrorist activities may occur or, if they do occur, the extent of the effect on the certificates. Moreover, it is uncertain what effects any past or future terrorist activities or any related military or political actions on the part of the United States government and others will have on the United States and world financial markets, local, regional and national economies, real estate markets across the United States, or particular business sectors, including those affecting the performance of mortgage loan borrowers. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate-related investments. In addition, defaults on the underlying loans could increase, causing early payments of principal to you and, regardless of the performance of the underlying loans, the liquidity and market value of the certificates may be impaired.

## Fannie Mae Guaranty Considerations

*Any failure of Fannie Mae to perform its guaranty obligations will adversely affect investors.* If we were unable to perform our guaranty obligations, certificateholders would receive only amounts actually paid and other recoveries on the underlying REMIC security without taking into account our guaranty. If that happened, delinquencies and defaults or other shortfalls on the mortgage loans in loan group 2 could directly affect the amounts that the certificateholders would receive each month.

## DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates (defined below) and is not complete. You will find additional information about the Certificates in the other sections of this prospectus, as well as in the other Disclosure Documents and the Trust Agreement (defined below). If we use a capitalized term in this prospectus without defining it, you will find the definition of that term in the applicable Disclosure Document or in the Trust Agreement.

### General

*Structure.* We will create the Fannie Mae Grantor Trust specified on the cover page of this prospectus (the “Trust”) pursuant to a trust agreement (the “Trust Agreement”) dated as of December 1, 2004 (the “Issue Date”). We will execute the Trust Agreement in our corporate capacity

and in our capacity as trustee (the “Trustee”). We will issue the Certificates specified on the cover page of this prospectus pursuant to the Trust Agreement.

The Guaranteed Grantor Trust Pass-Through Certificates offered by this prospectus (the “Certificates”) will represent beneficial ownership interests in the Trust. The assets of the Trust will consist of CWABS Asset Backed Certificates Trust 2004-15, Class 1-AV-1 (the “Underlying REMIC Security”) as further described in the information circular. The Underlying REMIC Security will evidence the senior ownership interest in a group of conventional mortgage loans (the “Group 2 Loans”) made to borrowers with blemished credit histories that are included in an underlying trust (the “Underlying REMIC Trust”). The Group 2 Loans bear adjustable rates of interest, and each is secured by a first lien deed of trust or mortgage on a one- to four-family (“single-family”) residential property, all as more fully described in the information circular.

*Fannie Mae Guaranty.* We guarantee that on each Distribution Date we will pay to Certificateholders:

- interest in the amount paid on the Underlying REMIC Security and
- principal in the amount paid on the Underlying REMIC Security.

In addition, we guarantee the payment of any remaining principal balance of the Certificates on the Final Distribution Date specified on the cover page of this prospectus. The Guaranty will cover any Prepayment Interest Shortfalls required to be paid by the Master Servicer that are not paid by the Master Servicer (“Unpaid Compensating Interest”).

Notwithstanding the foregoing, our guaranty will **not** cover

- Prepayment Interest Shortfalls except to the extent of any Unpaid Compensating Interest as described in the information circular,
- Relief Act Shortfalls,
- Net Rate Carryovers, or
- any failure of the Underlying REMIC Trust to receive payments under the Corridor Contract for the Underlying REMIC Security.

If we were unable to perform our guaranty obligations, Certificateholders would receive only the amounts actually paid and other recoveries on the Underlying REMIC Security without taking into account our guaranty. If that happened, delinquencies and defaults on the underlying loans could directly affect the amounts that Certificateholders would receive each month. **Our guaranty is not backed by the full faith and credit of the United States.**

*Characteristics of Certificates.* The Certificates will be represented by one or more certificates which will be registered in the name of the nominee of The Depository Trust Company (“DTC”). DTC will maintain the Certificates through its book-entry facilities. The “Holder” or “Certificateholder” of a DTC Certificate is the nominee of DTC. A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will “hold” Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations.

*Authorized Denominations.* We will issue the Certificates in minimum denominations of \$1,000 and whole dollar increments.

*Distribution Date.* Beginning in January 2005, we will make payments of principal and interest on the Certificates on the 25th day of each month or, if the 25th is not a business day (as defined in the information circular), on the first business day after the 25th. We refer to each such date as a “Distribution Date.”

*Record Date.* On each Distribution Date, we will make each monthly payment to Certificateholders who were Holders of record on the business day preceding that Distribution Date.



*Class Factors.* On or before each Distribution Date, we will publish a class factor (carried to eight decimal places) for the Certificates. When the class factor is multiplied by the original principal balance of a Certificate, the product will equal the current principal balance of that Certificate after taking into account payments on that Distribution Date.

*Underlying Loan Clean-up Call; Termination of the Underlying REMIC Trust.* The master servicer named in the information circular (the “Master Servicer”) or any NIM Insurer (as described in the information circular) may purchase all the assets of the Underlying REMIC Trust when the aggregate principal balance of the Group 2 Loans, together with all other mortgage loans in the Underlying REMIC Trust and any related foreclosed property, have been reduced to 10% or less of the sum of their balances as of the Issue Date plus the aggregate amount in the pre-funding account (as described in the information circular). A purchase of the assets of the Underlying REMIC Trust would have the same effect on the Certificates as a prepayment in full of the related mortgage loans.

*Option to Repurchase Delinquent Loans.* The Master Servicer has the option to repurchase underlying mortgage loans that are 150 days or more delinquent, subject to certain conditions referred to in the offering circular. After the aggregate principal balance of the Class BV Certificates issued by the Underlying REMIC Trust has been reduced to zero, Fannie Mae will have the option to purchase any Group 2 Loan that is 90 days or more delinquent.

*Voting the Underlying REMIC Security.* Holders of the Underlying REMIC Security may have to vote on issues arising under the documents governing the Underlying REMIC Trust. As long as the third party insurer identified in the information circular is not in default, it has the right to vote the Underlying REMIC Security. If, however, the third party insurer identified in the information circular is in default, the Trustee shall not vote the Underlying REMIC Security except upon direction to do so from Holders of at least 51% of the Certificates.

## **The Underlying REMIC Security**

The Underlying REMIC Security represents the senior ownership interest in the Group 2 Loans held in the Underlying REMIC Trust.

The Underlying REMIC Security generally represents an entitlement to interest and principal due on the Group 2 Loans, subject to the payment priorities specified in the information circular. Interest and principal payable on the Underlying REMIC Security will be passed through to the Certificateholders. Interest at the applicable pass-through rate will accrue on the outstanding principal balance of the Underlying REMIC Security as described in the information circular. However, it is possible that the amount of interest paid on the Underlying REMIC Security will be reduced as a result of:

- Prepayment Interest Shortfalls in excess of the amount of Compensating Interest paid by the Master Servicer as described in the information circular,
- Relief Act Shortfalls,
- Net Rate Carryovers, and
- any failure of payment to the Underlying REMIC Trust under the related Corridor Contract.

Principal on the Underlying REMIC Security will be paid based on the specific cash flow sequences described in the information circular. As a result, the rate of principal payments on the Underlying REMIC Security may vary considerably from time to time.

See the information circular for detailed information about the Underlying REMIC Security.

## **Book-Entry Procedures**

*General.* The Certificates will be registered in the name of the nominee of DTC, a New York-chartered limited purpose trust company, or any successor depository that we select or approve (the

“Depository”). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the Certificates, whether held for its own account or as a nominee for another person. Initially, we will act as Paying Agent for the Certificates. In addition, U.S. Bank National Association will perform certain administrative functions with respect to the Certificates.

A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the Certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains the account for you. In turn, the record ownership of the intermediary will be recorded on the records of the Depository. If the intermediary is not a Depository Participant, the intermediary’s record ownership will be recorded on the records of a Depository Participant acting as an agent for the financial intermediary. Neither the Trustee nor the Depository will recognize an investor as a Certificateholder. Therefore, you must rely on these various arrangements to transfer your beneficial interest in the Certificates and comply with the procedures of your financial intermediary and of Depository Participants. In general, ownership of Certificates will be subject to the prevailing rules, regulations and procedures governing the Depository and Depository Participants.

*Method of Distribution.* We will direct payments on the Certificates to the Depository in immediately available funds. The Depository will credit the payments to the accounts of the Depository Participants entitled to them, in accordance with the Depository’s normal procedures. These procedures currently provide for payments made in same-day funds to be settled through the New York clearing house. Each Depository Participant and each financial intermediary will direct the payments to the investors in the Certificates that it represents. Accordingly, investors may experience a delay in receiving payments.

## Payments of Interest

*Categories.* For the purpose of interest payments, the Certificates fall into the following categories:

<u>Interest Type*</u>	<u>Class</u>
Floating Rate	1AV1
Available Funds	1AV1

\* See “—Class Definitions and Abbreviations” below.

*Interest Distribution Amount.* On each Distribution Date, we will pay to the Certificateholders an amount of interest equal to the interest amount paid on the Underlying REMIC Security on that Distribution Date.

## Payments of Principal

*Category.* For the purpose of principal payments, the Certificates fall into the following category:

<u>Principal Type*</u>	<u>Class</u>
Structured Collateral/Pass-Through	1AV1

\* See “—Class Definitions and Abbreviations” below.

*Principal Distribution Amount.* On each Distribution Date, we will pay to the Certificateholders an amount of principal equal to the principal amount, if any, paid on the Underlying REMIC Security on that Distribution Date.

## Class Definitions and Abbreviations

The following chart identifies and generally defines the category specified on the cover of this prospectus.

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definitions</u>
<b>INTEREST TYPES</b>		
AFC	Available Funds	Receives as interest all or a portion of the scheduled interest payments made on the related mortgage loans. However, this amount may be insufficient on any Distribution Date to cover fully the accrued and unpaid interest on the Certificates of this Class at its specified interest rate.
FLT	Floating Rate	Has an interest rate that resets periodically based upon the designated index and that generally varies directly with changes in the index.
<b>PRINCIPAL TYPES</b>		
PT	Pass-Through	Receives principal payments in direct relation to the actual distributions on an underlying security.
SC	Structured Collateral	Receives principal payments based on the actual distributions on an underlying security representing a regular interest in a REMIC trust.

## Yield, Modeling Assumptions, Decrement Table, Weighted Average Life

See the section of the information circular entitled “Yield, Prepayment and Maturity Considerations” with respect to the Underlying REMIC Security.

## THE TRUST AGREEMENT

In the sections below, we summarize certain provisions of the Trust Agreement that are not discussed elsewhere in this prospectus. Certain capitalized terms that we use in these summaries are defined in the Trust Agreement. These summaries are, by definition, not complete. If there is ever a conflict between what we have summarized in this prospectus and the actual terms of the Trust Agreement, the terms of the Trust Agreement will prevail.

## Reports to Certificateholders

As soon as practicable on or shortly before each Distribution Date, we will publish (in print or otherwise) the class factor for the Certificates. The “class factor” is a number (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate, will equal the principal balance of that Certificate that will still be outstanding after the principal to be paid in the current month has been paid.

Within a reasonable time after the end of each calendar year, we will also furnish to each person who was a Certificateholder at any time during that year a statement containing any information required by the federal income tax laws.

Fannie Mae, or a special agent that we engage, will make all the necessary numerical calculations.



## **Certain Matters Regarding Fannie Mae**

The Trust Agreement provides that we may not resign from our obligations and duties unless they are no longer permissible under applicable law. Our resignation will be effective only after a successor has assumed our obligations and duties. However, no successor may succeed to our guaranty obligations, and we will continue to be responsible under our guaranty even if we are terminated or have resigned from our other duties and responsibilities under the Trust Agreement.

The Trust Agreement also provides that neither we nor any of our directors, officers, employees or agents will be under any liability to the Trust or to the Certificateholders for errors in judgment or for any action we take, or refrain from taking, in good faith pursuant to the Trust Agreement. However, neither we nor any such person will be protected against any liability due to willful misfeasance, bad faith, gross negligence or willful disregard of obligations and duties.

In addition, the Trust Agreement also provides that we are not under any obligation to appear in, prosecute or defend any legal action that is not incidental to our responsibilities under the Trust Agreement and that in our opinion may involve us in any expense or liability. However, in our discretion, we may undertake any legal action that we deem necessary or desirable in the interests of the Certificateholders. In that event, we will pay the legal expenses and costs of the action, which generally will not be reimbursable out of the trust fund.

Any corporation into which we are merged or consolidated, any corporation that results from a merger, conversion or consolidation to which we are a party or any corporation that succeeds to our business will be our successor under the Trust Agreement.

## **Events of Default**

Any of the following will be considered an “Event of Default” under the Trust Agreement:

- if we fail to make a required payment to the Certificateholders and our failure continues uncorrected for 15 days after we receive written notice from Certificateholders who represent ownership interests totaling at least 5% of the Trust that they have not been paid; or
- if we fail in a material way to fulfill any of our obligations under the Trust Agreement and our failure continues uncorrected for 60 days after we receive written notice of our failure from Certificateholders who represent ownership interests totaling at least 25% of the Trust; or
- if we become insolvent or unable to pay our debts or if other events of insolvency occur.

## **Rights upon Event of Default**

If one of the Events of Default listed above has occurred and continues uncorrected, Certificateholders who represent ownership interests totaling at least 25% of the Trust have the right to terminate, in writing, our obligations under the Trust Agreement both as Trustee and in our corporate capacity. However, our guaranty obligations will continue in effect. The same proportion of Certificateholders that has the right to terminate us may also appoint, in writing, a successor to all of our terminated obligations. In addition, the successor that they appoint will take legal title to the Underlying REMIC Security and any other assets of the Trust.

## **Amendment**

We may amend the Trust Agreement for any of the following purposes without notifying the Certificateholders:

- to add to our duties;
- to evidence that another party has become our successor and has assumed our duties under the Trust Agreement in our capacity as trustee or in our corporate capacity or both;

- to eliminate any of our rights in our corporate capacity under the Trust Agreement; and
- to cure any ambiguity or correct or add to any provision in the Trust Agreement, so long as no Certificateholder is adversely affected in the case of an addition to any provision.

If the Certificateholders that represent ownership interests totaling at least 66% of the Trust consent, we may amend the Trust Agreement to eliminate, change or add to the terms of the Trust Agreement or to waive our compliance with any of those terms. Nevertheless, we may not terminate or change our guaranty obligations or reduce the percentage of Certificateholders who must consent to the types of amendments listed in the previous sentence. In addition, unless each affected Certificateholder consents, no amendment may reduce or delay the funds that are required to be distributed on any Certificate.

### **Termination**

The Trust Agreement will terminate when the Underlying REMIC Security has been paid in full or liquidated, and its proceeds distributed. In no event, however, will the Trust continue beyond the expiration of 21 years from the death of the last survivor of the person named in the Trust Agreement.

For a description of the termination of the Underlying REMIC Trust, see “Description of the Certificates—Optional Termination” in the information circular.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The Certificates and payments on the Certificates generally are subject to taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of Certificates. The discussion is general and does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for various reasons, including the following:

- This discussion is based on federal tax laws in effect as of the date of this prospectus. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below, and such changes may have retroactive effect.
- This discussion addresses only Certificates acquired at original issuance and held as “capital assets” (generally, property held for investment).
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.
- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

For these reasons, you should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

### **Taxation of Beneficial Owners of Certificates**

Our special tax counsel, Arnold & Porter LLP, will deliver its opinion that, assuming compliance with the Trust Agreement, the Trust will be classified as a trust under subpart E of part I of subchapter J of the Internal Revenue Code of 1986, as amended (the “Code”) and not as an association taxable as a corporation. The Underlying REMIC Security will be the assets of the Trust. Each beneficial owner of a Certificate will be treated as the beneficial owner of an undivided interest in the Underlying REMIC Security held by the Trust. Consequently, each beneficial owner of a

Certificate will be required to report its pro rata share of the income with respect to the Underlying REMIC Security, and a sale or other disposition of a Certificate will constitute a sale or other disposition of a pro rata portion of the Underlying REMIC Security. In addition, each beneficial owner of a Certificate will be required to include in income its allocable share of the expenses paid by the Trust.

Each beneficial owner of a Certificate can deduct its allocable share of the expenses paid by the Trust as provided in section 162 or section 212 of the Code, consistent with its method of accounting. A beneficial owner's ability to deduct its share of these expenses is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Certificate directly or through an investment in a "pass-through entity" (other than in connection with such individual's trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies and non-publicly offered regulated investment companies, but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or nongrantor trust (not including expenses of the Trust) that would not have been incurred if the property were not held in such non-grantor trust or estate are allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

### **Taxation of the Underlying REMIC Security**

The information circular discusses tax consequences to holders of the Underlying REMIC Security. The information circular states that the holder of the Underlying REMIC Security will be deemed to own two assets, a REMIC regular interest and the right to receive payments from the Net Rate Carryover Component (as defined in the information circular). Because a beneficial owner of a Certificate will be required to report its pro rata share of the income accruing with respect to the Underlying REMIC Security and will be required to treat the sale or other disposition of a Certificate as the sale or other disposition of a pro rata portion of the Underlying REMIC Security, you should review the discussion there.

The information circular states that, taking into account certain assumptions described therein, the Underlying REMIC Security (except for the right to receive payments from the Net Rate Carryover Component) will qualify as a "regular interest" in a "real estate mortgage investment conduit" within the meaning of the Code. Qualification as a REMIC requires initial and ongoing compliance with certain conditions. The remainder of this discussion assumes that all the requirements for qualification as a REMIC have been, and will continue to be, met with respect to the Underlying REMIC Trust. If the Underlying REMIC Security were to fail to qualify as a regular interest in a REMIC, the Underlying REMIC Security might not be accorded the status described under the section of the information circular entitled "Material Federal Income Tax Consequences" and the Underlying REMIC Trust might be taxable as a corporation. You should consult your tax advisors regarding the tax consequences to a beneficial owner of a Certificate if the Underlying REMIC Security were to fail to qualify as a regular interest in a REMIC.

### **Information Reporting and Backup Withholding**

Fannie Mae will furnish or make available, within a reasonable time after the end of each calendar year, to each Holder of a Certificate at any time during such year, such information as is required by Treasury regulations and such other information as Fannie Mae deems necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information

available to beneficial owners or other financial intermediaries for which such Holders hold Certificates as nominees.

Distributions of interest and principal, as well as distributions of proceeds from the sale of Certificates, may be subject to the “backup withholding tax” under section 3406 of the Code if recipients of such distributions fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against such recipient’s federal income tax. Furthermore, certain penalties may be imposed by the Internal Revenue Service (“IRS”) on a recipient of distributions that is required to supply information but that does not do so in the proper manner.

### **Foreign Investors**

Additional rules apply to a beneficial owner of a Certificate that is not a U.S. Person (a “Non-U.S. Person”). The term “U.S. 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 or any state thereof or the District of Columbia,
- an estate the income of which is subject to U.S. federal income tax regardless of the source of its income, or
- a trust if a court within the United States can exercise primary supervision over its administration and at least one U.S. person has the authority to control all substantial decisions of the trust.

Payments on a Certificate made to, or on behalf of, a beneficial owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided the following conditions are satisfied:

- the beneficial owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of the Certificate;
- the beneficial owner signs a statement under penalties of perjury certifying that it is a Non-U.S. Person, and provides the name, address and taxpayer identification number, if any, of the beneficial owner; and
- the last U.S. Person in the chain of payment to the beneficial owner receives such statement from the beneficial owner or a financial institution holding on behalf of the beneficial owner and does not have actual knowledge that such statement is false.

These rules do not apply to exempt from taxation interest income allocable to a United States shareholder of a beneficial owner that is a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code. You also should be aware that the IRS might take the position that these rules do not apply to a beneficial owner that also owns 10% or more of the residual interest in the Underlying REMIC Trust or of the voting stock of Fannie Mae.

### **LEGAL INVESTMENT CONSIDERATIONS**

If you are an institution whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities, you may be subject to restrictions on investment in the Certificates. If you are a financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration or other federal or state agencies with similar authority, you should review any applicable rules, guidelines and regulations prior to purchasing the Certificates. You should also review and consider

the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, sets forth guidelines for financial institutions investing in certain types of mortgage-related securities, including securities such as the Certificates. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any Certificate.

Pursuant to the Secondary Mortgage Market Enhancement Act of 1984 (“SMMEA”), securities that we issue (such as the Certificates) are legal investments for entities created under the laws of the United States or any state whose authorized investments are subject to state regulation to the same extent as obligations issued or guaranteed by the United States or any of its agencies or instrumentalities. Under SMMEA, if a state enacted legislation prior to October 4, 1991 specifically limiting the legal investment authority of any such entities with respect to securities that we issue or guarantee, those securities will constitute legal investments for such entities only to the extent provided in the legislation. Certain states adopted such legislation prior to the October 4, 1991 deadline. **You should consult your own legal advisors in determining whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment and whether and to what extent the Certificates can be used as collateral for various types of borrowings.**

### LEGAL OPINION

If you purchase Certificates, we will send you, upon request, an opinion of our General Counsel (or one of our Deputy General Counsels) as to the validity of the Certificates and the Trust Agreement.

### ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in Certificates on behalf of a plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (such as employer-sponsored pension and profit sharing plans) and other types of benefit plans and arrangements subject to Section 4975 of the Code (such as individual retirement accounts). ERISA and the Code also impose these requirements on some entities in which these benefit plans or arrangements invest. We refer to these plans, arrangements and entities, collectively, as “Plans.”

A fiduciary considering investing assets of a plan in a Certificate should consult its legal advisor about ERISA, fiduciary and other legal considerations before making such an investment. Specifically, before authorizing an investment in Certificates, any such fiduciary should, after considering the plan’s particular circumstances, determine whether the investment is appropriate under the plan’s governing documents and whether the investment is appropriate under the fiduciary standards of ERISA or other applicable law, including standards with respect to prudence, diversification and delegation of control and the prohibited transaction provisions of ERISA and the Code.

Regulations promulgated under ERISA by the U.S. Department of Labor (the “Plan Asset Regulations”) generally provide that when a plan acquires an interest in an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, the plan’s assets include both the security and an undivided interest in each of the underlying assets of the issuer unless it is established that an exception under the Plan Asset Regulations applies. The application of this general rule could cause the sponsor, trustee and other servicers of a mortgage pool to be subject to the fiduciary responsibility rules of ERISA and could cause an investment in certificates representing an interest in the mortgage pool to be a prohibited transaction under ERISA or the Code.

The Plan Asset Regulation provides that the general rule stated above does not apply to a plan’s acquisition of a guaranteed governmental mortgage pool certificate. The definition of “guaranteed governmental mortgage pool certificate” includes certificates which are “backed by, or evidencing an

interest in specified mortgages or participation interests therein” and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the Plan Asset Regulations, investment by a Plan in a “guaranteed governmental mortgage pool certificate” does not cause the assets of the Plan to include the mortgages underlying the certificate or cause the sponsor, trustee and other servicers of the mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. Our counsel, Hunton & Williams LLP, has advised us that the Certificates qualify under the definition of “guaranteed governmental mortgage pool certificates” and, as a result, the purchase and holding of Certificates by Plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction requirements of ERISA and the Code.

## **PLAN OF DISTRIBUTION**

We will acquire the Underlying REMIC Security from CWABS, Inc. (“CWABS”) in exchange for the Certificates. CWABS has agreed to sell the Certificates, severally and not jointly, to Countrywide Securities Corporation, Goldman, Sachs & Co. and Greenwich Capital Markets, Inc. (the “Underwriters”). CWABS is an affiliate of Countrywide Securities Corporation. The Underwriters propose to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Underwriters may effect these transactions to or through other dealers.

## **LEGAL MATTERS**

Hunton & Williams LLP and, with respect to federal income tax matters, Arnold & Porter LLP will provide legal representation for Fannie Mae. McKee Nelson LLP will provide legal representation for the Underwriters.



## INDEX OF DEFINED TERMS

Certificateholder .....	12
Certificates .....	12
Code .....	17
CWABS .....	21
Depository .....	14
Depository Participant .....	14
Disclosure Documents .....	3
Distribution Date .....	12
DTC .....	12
ERISA .....	20
Event of Default .....	16
Form 10-K .....	3
Group 2 Loans .....	12
Holder .....	12
IRS .....	19
Issue Date .....	11
Master Servicer .....	13
Non-U.S. Person .....	19
Plans .....	20
SEC .....	3
SMMEA .....	20
Trust .....	11
Trust Agreement .....	11
Trustee .....	12
Underlying REMIC Security .....	12
Underlying REMIC Trust .....	12
Underwriters .....	21
U.S. Person .....	19



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## INFORMATION CIRCULAR

**\$569,880,000**  
(Approximate)

**CWABS Asset Backed Certificates Trust 2004-15**  
**Issuer**

**Class 1-AV-1 Certificates**

**CWABS, INC.**  
**Depositor**



**Seller**

**Countrywide Home Loans Servicing LP**  
**Master Servicer**

**Consider carefully the risk factors beginning on page 8 in this information circular.**

The certificates represent obligations of the trust only and do not represent an interest in or obligation of CWABS, Inc., Countrywide Home Loans, Inc. or any of their affiliates.

### **The Trust Fund**

The trust fund will own a pool of mortgage loans that will be secured by first lien deeds of trust or mortgages on one- to four-family residential properties. The pool of mortgage loans will be divided into three loan groups, each comprised of fixed or adjustable rate mortgage loans. The Class 1-AV-1 Certificates will represent an interest in loan group 2 only.

**The Class 1-AV-1 Certificates have not been and will not be registered under the Securities Act of 1933, as amended.**

It is a condition to the issuance of the Class 1-AV-1 Certificates that they be guaranteed by Fannie Mae as described in this information circular. The Class 1-AV-1 Certificates, including any interest, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

It is expected that the Class 1-AV-1 Certificates will be issued on or about December 30, 2004.

December 20, 2004

## Table of Contents

	<b><u>Page</u></b>
Summary.....	1
Risk Factors.....	8
The Mortgage Pool.....	18
Servicing of the Mortgage Loans.....	31
Description of the Certificates.....	35
Certain Legal Aspects of the Mortgage Loans.....	92
Yield, Prepayment and Maturity Considerations.....	94
Use of Proceeds.....	103
Material Federal Income Tax Consequences.....	103
Other Taxes.....	112
Legal Matters.....	112
Independent Accountants.....	112
Index of Defined Terms.....	113
ANNEX A.....	A-1

## SUMMARY

**This summary highlights selected information from this document and does not contain all of the information that you need to consider when making your investment decision. To understand all of the terms of an offering of the certificates, read this entire document carefully.**

### ***The Certificates***

Asset-Backed Certificates, Series 2004-15, represent undivided beneficial ownership interests in a trust fund. The trust fund consists primarily of a pool of fixed and adjustable rate, credit blemished mortgage loans that are secured by first liens on one- to four-family residential properties and certain other property and assets described in this information circular.

Only the Class 1-AV-1 Certificates are being offered hereby.

*See “Description of the Certificates — General” in this information circular.*

### ***Depositor***

CWABS, Inc., a Delaware corporation and a limited purpose finance subsidiary of Countrywide Financial Corporation, a Delaware corporation.

The depositor maintains its principal office at 4500 Park Granada, Calabasas, California 91302. Its telephone number is (818) 225-3000.

### ***Sellers***

Countrywide Home Loans, Inc. and one or more special purpose entities established by Countrywide Financial Corporation. The one or more special purpose entities previously acquired the mortgage loans they are selling directly from Countrywide Home Loans, Inc.

*See “Servicing of the Mortgage Loans — Countrywide Home Loans” in this information circular.*

### ***Master Servicer***

Countrywide Home Loans Servicing LP.

*See “Servicing of the Mortgage Loans — The Master Servicer” in this information circular.*

### ***Fannie Mae Guaranty***

Fannie Mae will guarantee the Class 1-AV-1 Certificates as described in this information circular.

*See “Description of the Certificates — Fannie Mae Guaranty” in this information circular.*

### ***Trustee***

The Bank of New York, a New York banking corporation.

*See “Description of the Certificates — The Trustee” in this information circular.*

### ***Co-Trustee***

The Bank of New York Trust Company, N.A., a national banking association.

*See “Description of the Certificates — The Co-Trustee” in this information circular.*

### ***The NIM Insurer***

After the closing date, a separate trust or trusts may be established to issue net interest margin securities secured by all or a portion of the Class PF, Class PV, Class CF and Class CV Certificates. Those net interest margin securities may or may not have the benefit of one or more financial guaranty insurance policies that guaranty payments on those securities. The insurer or insurers that would issue any such financial guaranty insurance policy are referred to in this information circular as the “NIM Insurer.” The references to the NIM Insurer in this information circular are applicable only if the net interest margin securities are so insured.

Any NIM Insurer will have a number of rights under the pooling and servicing agreement that will limit and otherwise affect the rights of the holders of the Class 1-AV-1 Certificates. Any insurance policy issued by a NIM Insurer will not cover, and will not benefit in any manner whatsoever, the Class 1-AV-1 Certificates.

See “Risk Factors—Rights of the NIM Insurer” in this information circular.

### ***Pooling and Servicing Agreement***

The pooling and servicing agreement among the sellers, the master servicer, the depositor, Fannie Mae, the trustee and the co-trustee, under which the trust fund will be formed.

### ***Cut-off Date***

For any initial mortgage loan, the later of December 1, 2004 and the origination date of that mortgage loan, and for any subsequent mortgage loan, the later of the first day of the month of the related subsequent transfer date and the origination date of that subsequent mortgage loan.

### ***Closing Date***

On or about December 30, 2004.

### ***Funding Period***

On the closing date, the depositor may elect to deposit an amount of up to 25% of the initial certificate principal balance of the certificates to be issued by the trust fund will be deposited in a pre-funding account. The amount deposited will be allocated between the loan groups so that the amount allocated to either loan group will not exceed 25% of the certificate principal balance of the classes of certificates related to such loan group. If the depositor elects to make such deposit, the funding period will commence on the closing date and end on the earlier of (x) the date the amount in the pre-funding account is less than \$25,000 and (y) February 14, 2005. During the funding period the amount deposited in the pre-funding account on the closing date is expected to be used to purchase subsequent mortgage loans.

See “The Mortgage Pool — Pool Characteristics” in this information circular.

To the extent needed to make required interest payments on the Class AF and Class AV Certificates and the fixed rate and adjustable rate subordinate certificates on or prior to the February 2005 distribution date, Countrywide Home Loans will make interest shortfall payments to the trust fund in order to offset shortfalls in interest collections attributable to the pre-funding mechanism or because newly originated loans do not have a payment due

date in the due period related to such distribution date.

Any amounts in the pre-funding account not used during the funding period to purchase subsequent mortgage loans will be paid to related certificateholders as a prepayment of principal on the distribution date immediately following the end of the funding period.

See “The Mortgage Pool — Pre-Funding” in this information circular.

### ***The Mortgage Loans***

The mortgage pool will consist of fixed and adjustable rate mortgage loans that are secured by first liens on one- to four-family properties. The mortgage loans will be divided into three separate groups. Each such group of mortgage loans is referred to as a “loan group.” Loan group 1 will consist of first lien fixed rate mortgage loans with principal balances at origination that may or may not exceed Fannie Mae’s conforming loan limits. Loan group 2 will consist of first lien adjustable rate mortgage loans with principal balances at origination not in excess of Fannie Mae’s conforming loan limits. Loan group 3 will consist of first lien adjustable rate mortgage loans with principal balances at origination that may or may not exceed Fannie Mae’s conforming loan limits.

See “The Mortgage Pool” in this information circular.

### ***Statistical Calculation Information***

The statistical information presented in this information circular relates to a statistical calculation pool that does not reflect all of the mortgage loans that will be included in the trust fund. Additional mortgage loans will be included in the mortgage pool on the closing date and may be included during the funding period. In addition, certain mortgage loans in the statistical calculation pool may prepay in full or may be determined not to meet the eligibility requirements for the mortgage pool, and as a result may not be included in the mortgage pool.

The information presented in this information circular with respect to the statistical calculation pool is, unless otherwise specified, based on the scheduled principal balances as of December 1, 2004, which is the statistical calculation date. The aggregate principal balance of the statistical calculation pool as of the statistical calculation date is referred to as the

statistical calculation date pool principal balance. As of the statistical calculation date, the statistical calculation date pool principal balance was approximately \$1,096,359,431, approximately \$272,522,714 of which consists of group 1 mortgage loans, approximately \$488,999,801 of which consists of group 2 mortgage loans and approximately \$334,836,916 of which consists of group 3 mortgage loans.

Unless otherwise noted, all statistical percentages in this information circular are measured by the statistical calculation date pool principal balance.

### **Description of the Certificates**

#### **General**

The trust fund will issue the Class 1-AV-1 Certificates, which are offered by this information circular. The trust fund will also issue the Class AF-1, Class AF-2, Class AF-3, Class AF-4, Class AF-5, Class AF-6, Class MF-1, Class MF-2, Class MF-3, Class MF-4, Class MF-5, Class MF-6, Class MF-7, Class MF-8, Class BF, Class 2-AV-1, Class 2-AV-2, Class 2-AV-3, Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8, Class BV and Class A-R, Class PF, Class PV, Class CF and Class CV Certificates, which are not offered by this information circular.

Any information contained in this information circular with respect to certificates other than the Class 1-AV-1 Certificates is provided only to permit a better understanding of the Class 1-AV-1 Certificates.

Generally:

- the Class AF-1, Class AF-2, Class AF-3, Class AF-4, Class AF-5, Class AF-6, Class MF-1, Class MF-2, Class MF-3, Class MF-4, Class MF-5, Class MF-6, Class MF-7, Class MF-8 and Class BF Certificates will be backed by the cashflows from the mortgage loans in loan group 1,
- the Class 1-AV-1 Certificates will be backed by the cashflows from the mortgage loans in loan group 2,
- the Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates will be backed by the cashflows from the mortgage loans in loan group 3, and

- the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates will be backed by the cashflows from the mortgage loans in loan group 2 and loan group 3.

For a more detailed description of how the certificates will be backed by these cashflows, see “Description of the Certificates — Distributions” and “— Overcollateralization.”

The original certificate principal balances, pass-through rates and last scheduled distribution dates for the certificates are as follows:

Class	Original Certificate Principal Balance(1)	Pass-Through Rate	Last Scheduled Distribution Date(2)
<i>Offered Certificates</i>			
Class 1-AV-1 .....	\$569,880,000	(3)	June 2035
<i>Non-Offered Certificates.....</i>			
Class AF-1 .....	\$124,635,000	(4)	April 2022
Class AF-2 .....	\$23,718,000	3.775%(5)	May 2024
Class AF-3 .....	\$82,221,000	4.025%(5)	January 2031
Class AF-4 .....	\$29,882,000	4.614%(5)	December 2032
Class AF-5 .....	\$45,144,000	5.227%(5)(6)	May 2035
Class AF-6 .....	\$40,000,000	4.613%(5)	April 2035
Class MF-1 .....	\$11,400,000	5.163%(5)	April 2035
Class MF-2 .....	\$9,600,000	5.213%(5)	March 2035
Class MF-3 .....	\$5,800,000	5.311%(5)	February 2035
Class MF-4 .....	\$6,400,000	5.541%(5)	February 2035
Class MF-5 .....	\$5,200,000	5.610%(5)	January 2035
Class MF-6 .....	\$4,000,000	5.690%(5)	December 2034
Class MF-7 .....	\$4,000,000	5.858%(5)	October 2034
Class MF-8 .....	\$4,000,000	5.900%(5)	September 2034
Class BF.....	\$4,000,000	5.900%(5)	June 2034
Class 2-AV-1 .....	\$160,065,000	(3)	October 2023
Class 2-AV-2 .....	\$215,572,000	(3)	May 2034
Class 2-AV-3 .....	\$28,028,000	(3)	June 2035
Class MV-1 .....	\$63,345,000	(3)	May 2035
Class MV-2 .....	\$46,125,000	(3)	May 2035
Class MV-3 .....	\$25,830,000	(3)	April 2035
Class MV-4 .....	\$22,755,000	(3)	April 2035
Class MV-5 .....	\$22,140,000	(3)	April 2035
Class MV-6 .....	\$19,680,000	(3)	March 2035
Class MV-7 .....	\$19,680,000	(3)	February 2035
Class MV-8 .....	\$15,375,000	(3)	January 2035
Class BV .....	\$14,760,000	(3)	December 2034
Class A-R .....	\$ 100	(7)	January 2005
Class PF .....	N/A	N/A	N/A
Class PV .....	N/A	N/A	N/A
Class CF .....	N/A	N/A	N/A
Class CV .....	N/A	N/A	N/A

- The original certificate principal balances of the certificates will be subject to a permitted variance in the aggregate of plus or minus 10%, depending on the amount of mortgage loans actually delivered on the closing date.
- Each date was determined as described under “Yield, Prepayment and Maturity Considerations” in this information circular.
- The pass-through rates for the Class 1-AV-1, Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates

and the adjustable rate subordinate certificates may adjust monthly, will be subject to increase after the optional termination date and will be subject to an interest rate cap as described in this information circular under “*Description of the Certificates — Distributions — Distributions of Interest.*”

- (4) The pass-through rate for the Class AF-1 Certificates may adjust monthly and will be subject to an interest rate cap as described in this information circular under “*Description of the Certificates — Distributions — Distributions of Interest.*”
- (5) The pass-through rates for the Class AF-2, Class AF-3, Class AF-4, Class AF-5 and Class AF-6 Certificates and the fixed rate subordinate certificates will be subject to an interest rate cap as described in this information circular under “*Description of the Certificates — Distributions — Distributions of Interest.*”
- (6) The pass-through rate for the Class AF-5 Certificates will increase to 5.727% per annum after the optional termination date, subject to an interest rate cap, as described in this information circular under “*Description of the Certificates — Distributions — Distributions of Interest.*”
- (7) The Class A-R Certificates will not accrue any interest on the certificate principal balance thereof.

### ***Registration of Certificates***

The Class 1-AV-1 Certificates will initially be issued in book-entry form. The Class 1-AV-1 Certificates will be transferred to the Fannie Mae Grantor Trust 2004-T10 upon issuance and are not expected to be transferred thereafter.

See “*Description of Certificates — Book-Entry Certificates*” in this information circular.

### ***Designations***

#### ***Class AF Certificates***

The Class AF-1, Class AF-2, Class AF-3, Class AF-4, Class AF-5 and Class AF-6 Certificates.

#### ***Class AV Certificates***

The Class 1-AV-1, Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates.

#### ***Senior Certificates***

The Class AF, Class AV and Class A-R Certificates.

### ***Subordinate Certificates***

The Class MF-1, Class MF-2, Class MF-3, Class MF-4, Class MF-5, Class MF-6, Class MF-7, Class MF-8, Class BF, Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates.

#### ***Fixed Rate Certificates***

The Class AF-2, Class AF-3, Class AF-4, Class AF-5 and Class AF-6 Certificates and the Fixed Rate Subordinate Certificates.

#### ***Adjustable Rate Certificates***

The Class AF-1 and Class AV Certificates and the Adjustable Rate Subordinate Certificates.

#### ***Fixed Rate Subordinate Certificates***

The Class MF-1, Class MF-2, Class MF-3, Class MF-4, Class MF-5, Class MF-6, Class MF-7, Class MF-8 and Class BF Certificates.

#### ***Adjustable Rate Subordinate Certificates***

The Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates.

### ***Pass-Through Rates***

The pass-through rates for the adjustable rate certificates are variable rates that may change from distribution date to distribution date. On each distribution date, the pass-through rate for each class of adjustable rate certificates will be a per annum rate equal to the lesser of:

- one-month LIBOR plus the applicable pass-through margin for such class, and
- the applicable net rate cap, calculated as described under “*Description of the Certificates — Distributions — Distributions of Interest*” in this information circular.

The pass-through rates of the fixed rate certificates are the respective per annum fixed rates set forth above under “*Description of the Certificates — General.*” On each distribution date, the pass-through rates for the fixed rate certificates will be subject to the applicable net rate cap, calculated as described under “*Description of the Certificates —*



*Distributions — Distributions of Interest*” in this information circular.

See “*Description of the Certificates — Distributions — Distributions of Interest*” and “*— Calculation of One-Month LIBOR*” in this information circular.

If on any distribution date, the pass-through rate for a class of senior or subordinate certificates is based on the applicable net rate cap, each holder of the applicable certificates will be entitled to receive the resulting shortfall from remaining excess cashflow (if any) to the extent described in this information circular, and only in the case of the Class AF-1, Class 1-AV-1, Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates and the adjustable rate subordinate certificates, after payments under the applicable interest rate corridor contract described below.

See “*Description of the Certificates — Distributions*” in this information circular.

#### ***Distribution Dates***

The trustee will make distributions on the 25th day of each calendar month. If the 25th day of a month is not a business day, then the trustee will make distributions on the next business day. The first distribution date will be the distribution date occurring in January 2005.

#### ***Interest Payments***

On each distribution date, holders of each class of interest-bearing certificates will be entitled to receive:

- the interest that has accrued during the related accrual period at the related pass-through rate on the certificate principal balance immediately prior to the applicable distribution date, and
- any interest due on a prior distribution date that was not paid.

The “accrual period” for the adjustable rate certificates will be the period from and including the preceding distribution date (or from and including the closing date, in the case of the first distribution date) to and including the day prior to the current distribution date. The “accrual period” for the fixed rate certificates will be the calendar month immediately preceding the calendar month in which such distribution date occurs.

The trustee will calculate interest on the adjustable rate certificates based on a 360-day year and the actual number of days elapsed during the related accrual period. The trustee will calculate interest on the fixed rate certificates based on a 360-day year that consists of twelve 30-day months.

There are certain circumstances that could reduce the amount of interest paid to you.

See “*Description of the Certificates — Distributions — Distributions of Interest*” in this information circular.

#### ***Principal Payments***

On each distribution date, certificateholders will receive a distribution of principal on their certificates if there is cash available on that date for the payment of principal. Monthly principal distributions will generally include:

- principal payments and recoveries on the mortgage loans related to a class of certificates; and
- on the distribution date following the end of the funding period, any money remaining in the pre-funding account related to a class of certificates.

Certificateholders should review the priority of payments described under “*Description of the Certificates — Distributions*” in this information circular.

#### ***Credit Enhancement***

Credit enhancements provide limited protection to certain holders of certificates against shortfalls in payments received on the mortgage loans. This transaction employs the following forms of credit enhancement:

#### ***Overcollateralization***

When excess interest payments received in respect of the mortgage loans are used to reduce principal owed on the certificates, the sum of the aggregate stated principal balance of the mortgage loans and any amounts on deposit in the pre-funding account is expected to become greater than the aggregate principal balance of the certificates. If this occurs, the certificates will be “overcollateralized.”

On the closing date, the sum of the aggregate stated principal balance of the group 1 mortgage loans and any amounts on deposit in the pre-funding account in respect of loan group 1 is expected to be approximately equal to the principal balance of the Class AF Certificates and the fixed rate subordinate certificates, that is, there will be no overcollateralization in loan group 1 as of the closing date. On the closing date, the sum of the aggregate stated principal balance of the group 2 and group 3 mortgage loans and any amounts on deposit in the pre-funding account in respect of loan group 2 and loan group 3 is expected to exceed the initial aggregate principal balance of the Class AV Certificates and the adjustable rate subordinate certificates by approximately \$6,765,000. However, this amount is not enough to meet the initial level of overcollateralization required by the pooling and servicing agreement for loan group 2 and loan group 3.

On any distribution date, the amount of overcollateralization (if any) for each loan group or loan groups will be available to absorb the losses from liquidated mortgage loans related to such certificates, if those losses are not otherwise covered by excess cashflow (if any) from the related mortgage loans. The required levels of overcollateralization may change over time.

The mortgage loans in each loan group are expected to generate more interest than is needed to pay interest on the related certificates because the weighted average interest rate of the mortgage loans is expected to be higher than the weighted average pass-through rate on the related certificates, plus the weighted average expense fee rate, and in the case of loan group 2 and the Class 1-AV-1 Certificates, the Class 1-AV-1 policy premium rate and the Class 1-AV-1 guaranty fee rate. Any interest payments received in respect of the mortgage loans in a loan group in excess of the amount that is needed to pay interest on the related certificates, the trust expenses, and in the case of loan group 2, the Class 1-AV-1 policy premium and the Class 1-AV-1 guaranty fee, will be used to reduce the total certificate principal balance of the related certificates, until the required level of overcollateralization has been achieved.

*See "Description of the Certificates—Overcollateralization" in this information circular.*

### **Subordination**

The issuance of senior certificates and subordinate certificates by the trust fund is designed to increase

the likelihood that senior certificateholders will receive regular payments of interest and principal.

The Class AF Certificates will have a payment priority over the fixed rate subordinate certificates. The Class AV Certificates will have a payment priority over the adjustable rate subordinate certificates. With respect to the fixed rate subordinate certificates, the Class MF Certificates with a lower numerical designation will have a payment priority over Class MF Certificates with a higher numerical designation, and all the Class MF Certificates will have a payment priority over the Class BF Certificates. With respect to the adjustable rate subordinate certificates, the Class MV Certificates with a lower numerical designation will have a payment priority over Class MV Certificates with a higher numerical designation, and all the Class MV Certificates will have a payment priority over the Class BV Certificates.

Subordination is designed to provide the holders of certificates having a higher payment priority with protection against most losses realized when the remaining unpaid principal balance on a mortgage loan exceeds the amount of proceeds recovered upon the liquidation of that mortgage loan. In general, this loss protection is accomplished by allocating realized losses among the subordinate certificates related to that loan group or loan groups, beginning with the related subordinate certificates with the lowest payment priority.

Excess cashflow from a loan group will be available to restore the overcollateralization for the other loan group or loan groups and to pay unpaid realized loss amounts to the subordinate certificates related to the other loan group or loan groups, as applicable, to the extent available and in the priority described in this information circular. However, realized losses on the mortgage loans in a loan group will be allocated solely to the classes of subordinate certificates related to that loan group or loan groups, as applicable.

### ***Fannie Mae Guaranty***

It is a condition to the issuance of the Class 1-AV-1 Certificates that they be purchased by Fannie Mae and that Fannie Mae guarantee payments on the Class 1-AV-1 Certificates as further described in this information circular. The Fannie Mae guaranty is not backed by the full faith and credit of the United States.

### ***Class 1-AV-1 Financial Guaranty Insurance Policy***

The Class 1-AV-1 Certificates have the benefit of a financial guaranty insurance policy, called the Class 1-AV-1 Policy, pursuant to which XL Capital Assurance Inc. will unconditionally and irrevocably guarantee certain payments on the Class 1-AV-1 Certificates on each distribution date. The Class 1-AV-1 Policy will not cover any class of Certificates other than the Class 1-AV-1 Certificates.

*See “Description of the Certificates — The Class 1-AV-1 Financial Guaranty Insurance Policy” in this information circular.*

### ***The Corridor Contracts***

Countrywide Home Loans has entered into four interest rate corridor contracts, (1) the Class AF-1 corridor contract, (2) the Class 1-AV-1 corridor contract, (3) the Class 2-AV corridor contract and (4) the adjustable rate subordinate corridor contract, each of which will be assigned to the trust fund on the closing date. On or prior to the applicable corridor contract termination date, amounts paid under a corridor contract will be available to the applicable class (or in the case of the Class 2-AV corridor contract and the adjustable rate subordinate corridor contract, the applicable classes) of certificates, as described in this information circular to cover net rate carryover resulting from the application of the applicable net rate cap to the related pass-through rate(s).

Payments under each corridor contract will be made pursuant to the formula described in “Description of the Certificates — The Corridor Contracts” in this information circular. Any amounts received on a corridor contract for a distribution date that are not used on that date to cover net rate carryover on the related certificates are expected to be distributed to the holders of the Class CF and Class CV Certificates as provided in the pooling and servicing agreement and will not be available thereafter for payment of net rate carryover on any class of certificates.

Neither the Class 1-AV-1 Policy nor the Fannie Mae guaranty will reimburse certificateholders for any scheduled payments not received under the Class 1-AV-1 corridor contract.

*See “Description of the Certificates — The Corridor Contracts” in this information circular.*

### ***Advances***

The master servicer will make cash advances with respect to delinquent payments of principal and interest on the mortgage loans to the extent that the master servicer reasonably believes that such cash advances can be repaid from future payments on the related mortgage loans. These cash advances are only intended to maintain a regular flow of scheduled interest and principal payments on the certificates and are not intended to guarantee or insure against losses.

*See “Servicing of the Mortgage Loans” in this information circular.*

### ***Optional Termination***

The master servicer may purchase all of the remaining assets of the trust fund on any distribution date on or after the first distribution date on which the aggregate stated principal balance of the mortgage loans and any foreclosed real estate owned by the trust fund declines to or below 10% of the sum of the aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date and the amount, if any, deposited to the pre-funding account on the closing date. Any such purchase by the master servicer will result in the early retirement of the certificates. The NIM Insurer may also have the right to purchase all of the remaining assets in the trust fund.

*See “Description of the Certificates — Optional Termination” in this information circular.*

### ***Material Federal Income Tax Consequences***

For federal income tax purposes, the trust fund (exclusive of the corridor contracts, the credit comeback excess account and the assets held in the carryover reserve fund and the pre-funding account) will consist of one or more REMICs: one or more underlying REMICs (if any) and the master REMIC. The assets of the lowest underlying REMIC in this tiered structure will consist of mortgage loans and any other assets designated in the pooling and servicing agreement. The Class 1-AV-1 Certificates will represent beneficial ownership of REMIC “regular interests” in the master REMIC identified in the pooling and servicing agreement and a beneficial interest in the right to receive payments from the carryover reserve fund pursuant to the pooling and servicing agreement.

*See “Material Federal Income Tax Consequences” in this information circular.*

## **RISK FACTORS**

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

**The Obligations of the Trust Fund  
to Make Payments on the  
Certificates are Non-Recourse  
Obligations .....**

The certificates will be non-recourse obligations of the trust fund payable solely from the assets of the trust fund. Except to the extent of Fannie Mae's guaranty in the case of Fannie Mae and the Class 1-AV-1 Policy in the case of the Class 1-AV-1 Insurer, the certificates do not represent an interest in, or obligation of, the Depositor, the Sellers, the Master Servicer, the Trustee, the Co-Trustee, Fannie Mae, the Class 1-AV-1 Insurer or the Underwriters. Consequently, certificateholders must rely exclusively on assets of the trust fund for distributions on the certificates.

**The Mortgage Loans Were  
Underwritten to Countrywide  
Home Loans's Standards for  
Credit Blemished Mortgage Loans.  
Mortgage Loans Underwritten to  
Such Standards Will Experience  
Higher Rates of Delinquency and  
Loss than Mortgage Loans  
Underwritten in a More  
Traditional Manner .....**

Countrywide Home Loans's credit blemished mortgage loan underwriting standards are more flexible than the standards generally used by banks for borrowers with non-blemished credit histories with regard to the borrower's credit standing and repayment ability. Borrowers who qualify generally have impaired credit histories, which may include a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. On a case by case basis, Countrywide Home Loans may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under its applicable underwriting risk category guidelines warrants an underwriting exception. It is expected that a significant number of the mortgage loans will have been originated based on such underwriting exceptions.

With respect to first lien mortgage loans, the underwriting standards do not prohibit a mortgagor from obtaining, at the time of origination of the originator's first lien mortgage loan, additional financing which is subordinate to that first lien mortgage loan, which subordinate financing would reduce the equity the mortgagor would otherwise appear to have in the related mortgaged property as indicated in the loan-to-value ratio set forth in this information circular.

As a result of Countrywide Home Loans's underwriting standards, the mortgage loans in the mortgage pool are likely to experience rates of delinquency, foreclosure and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. Furthermore, changes in the values of the mortgaged properties may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of the mortgage loans in the mortgage pool than on mortgage loans originated in a more

traditional manner. No assurance can be given that the values of the related mortgaged properties have remained or will remain at the levels in effect on the dates of origination of the related mortgage loans.

**Subordination May Not Be  
Sufficient to Protect Senior  
Certificates from Losses .....**

When certain classes of certificates provide credit enhancement for other classes of certificates this is sometimes referred to as “*subordination*.” The subordination feature is intended to enhance the likelihood that senior certificateholders will receive regular payments of interest and principal. For purposes of this information circular, “*related subordinate classes*” means:

- with respect to the Class AF Certificates, the fixed rate subordinate certificates,
- with respect to the Class AV Certificates, the adjustable rate subordinate certificates,
- with respect to each class of Certificates having an “MF” designation, (i) each other class of Certificates having an “MF” designation and a higher numerical designation than such class, if any, and (ii) the Class BF Certificates, and
- with respect to each class of Certificates having an “MV” designation, (i) each other class of Certificates having an “MV” designation and a higher numerical designation than such class, if any, and (ii) the Class BV Certificates.

Credit enhancement in the form of subordination will be provided for the certificates, first, by the right of the holders of the senior certificates to receive certain distributions prior to the related subordinate classes and, second, by the allocation of realized losses on the mortgage loans in a loan group or loan groups to such related subordinate classes, beginning with the Class BF (in the case of loan group 1) and Class BV Certificates (in the case of loan group 2 or loan group 3).

This type of credit enhancement is provided by using collections on the mortgage loans in a loan group otherwise payable to the holders of the related subordinate classes to pay amounts due on the more senior related classes. Realized losses of a particular loan group or loan groups are allocated to the related subordinate certificates, beginning with the related subordinate certificates with the lowest payment priority, until the principal balance of that related subordinate class has been reduced to zero. This means that after the credit enhancement provided by related excess cashflow and overcollateralization (if any) have been exhausted, realized losses on the mortgage loans of a particular loan group will first be allocated to the Class BV Certificates (in the case of loan group 2 or loan group 3) or Class BF Certificates (in the case of loan group 1) until the respective certificate principal balance of the Class BV Certificates or Class BF Certificates, as applicable, has been reduced to zero. Subsequent realized losses of a particular loan group will be allocated to the next most junior class of related subordinate certificates, until the principal balance of that class of subordinate certificates has been reduced to zero.

*See “Description of the Certificates” in this information circular.*

**Excess Interest from the Mortgage  
Loans May Not Provide Adequate  
Credit Enhancement.....**

The amount by which the sum of the aggregate stated principal balance of the mortgage loans in a loan group or loan groups and the amount on deposit in the pre-funding account in respect of such loan group or loan groups exceeds the aggregate principal balance of the related classes of certificates is called “overcollateralization.” The mortgage loans in a loan group or loan groups are expected to generate more interest than is needed to pay interest on the related certificates because the weighted average interest rate on such mortgage loans is expected to be higher than the weighted average pass-through rate on such certificates plus the expense fee rate, and in the case of the Class 1-AV-1 Certificates, the Class 1-AV-1 policy premium rate and the Class 1-AV-1 guaranty fee rate. Such “excess interest” from the related loan group or loan groups will be used to make additional principal payments on the related certificates, to the extent described in this information circular. Overcollateralization is intended to provide limited protection to certificateholders by absorbing the certificates’ share of losses from liquidated mortgage loans in the related loan group or loan groups. However, we cannot assure you that enough excess interest will be generated on the mortgage loans to create or maintain the required levels of overcollateralization.

The excess interest available on any distribution date will be affected by the actual amount of interest received, collected or recovered in respect of the mortgage loans during the preceding month. 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 on adjustable rate mortgage loans. Because such excess interest available may vary and because the pass-through rates on the adjustable-rate certificates may increase, it may be necessary to apply all or a portion of the available interest to cover the interest requirements. As a result, available excess interest may be reduced.

If the protection afforded by overcollateralization is insufficient, the Class 1-AV-1 Insurer were to fail to perform its obligation under the Class 1-AV-1 Policy and the Guarantor were to fail to perform its obligation under the Fannie Mae guaranty, the holders of the Class 1-AV-1 Certificates could experience a loss on their investment.

**Risk Regarding Mortgage Rates ....**

The pass-through rates on the adjustable rate certificates may adjust monthly and are generally based on one-month LIBOR. The mortgage rates on the mortgage loans either are fixed or adjust semi-annually based on six-month LIBOR, which is referred to as a mortgage index, but in most cases only after a period of two or three years after origination. Because the mortgage index may respond to various economic and market factors different than those affecting one-month LIBOR, there is not necessarily a correlation in movement between the interest rates on those mortgage loans and the pass-through rates of the adjustable rate certificates. For example, it is possible that the interest rates on certain of the adjustable rate mortgage loans may decline while the pass-through rates on the adjustable rate certificates are stable or rising. In addition, although it is possible that both the mortgage rates and certificate pass-through rates may decline or increase during the same period, mortgage rates may decline or increase more slowly than the certificate pass-through rates because of the difference between interest rate adjustment periods and pass-through rate adjustment periods.

The absence of a correlation between movement in the mortgage rates and the certificate pass-through rates may reduce the interest payable on the related interest-bearing certificates because of the imposition of a pass-through rate cap called the “*net rate cap*.” In addition, prepayments of mortgage loans in loan group 2 with relatively higher mortgage rates may reduce the applicable net rate cap and consequently reduce the pass-through rate for the Class 1-AV-1 Certificates. It is intended that the amount by which a certificateholder’s interest payment has been reduced by operation of the applicable net rate cap will be paid from remaining excess cashflow (if any) as described in this information circular. In addition, prior to the Class 1-AV-1 corridor contract termination date, the Class 1-AV-1 Certificates will also be entitled to receive corridor contract proceeds in respect of such resulting reduction in interest resulting from the operation of the applicable net rate cap from payments (if any) under the Class 1-AV-1 corridor contract, as described in this information circular. However, we cannot assure you that any such funds will be available, or sufficient, to make any such payments. Neither the Fannie Mae guaranty nor the Class 1-AV-1 Policy will cover any of these shortfalls allocated to the Class 1-AV-1 Certificates. Additionally, neither the Class 1-AV-1 Policy nor the Fannie Mae guaranty will reimburse certificateholders for any scheduled payments not received under the Class 1-AV-1 corridor contract.

**Limitations on the Class 1-AV-1  
Policy and the Fannie Mae**

**Guaranty .....**

On each distribution date, investors are entitled to the current interest, without reduction for shortfalls resulting from prepayments or the Relief Act. However, the Class 1-AV-1 Policy will only cover such current interest on the Class 1-AV-1 Certificates as reduced by such shortfalls. The Fannie Mae guaranty will not cover any shortfalls resulting from prepayments except to the extent of any unpaid compensating interest, nor will the Fannie Mae guaranty cover any shortfalls resulting from the application of the Relief Act.

**Declines in Property Values May  
Adversely Affect You.....**

The value of the properties underlying the mortgage loans may decline over time. Among the factors that could adversely affect the value of the properties are:

- an overall decline in the residential real estate market in the areas in which they are located,
- a decline in their general condition from the failure of borrowers to maintain their property adequately, and
- natural disasters that are not covered by insurance, such as earthquakes and floods.

If property values decline, the actual rates of delinquencies, foreclosures, and losses on all mortgage loans could be higher than those currently experienced in the mortgage lending industry in general. These losses, to the extent not otherwise covered by a credit enhancement (including the Class 1-AV-1 Policy and the Fannie Mae guaranty in the case of the Class 1-AV-1 Certificates), will be borne by the holder of one or more classes of certificates.



**Cash Flow Considerations and  
Risks Could Cause Payment Delays  
and Losses.....**

There could be substantial delays in the liquidation of defaulted mortgage loans and corresponding delays in receiving your portion of the proceeds of a liquidation. These delays could continue for several years.

Furthermore, an action to obtain a deficiency judgment is regulated by statutes and rules, and the amount or availability of a deficiency judgment may be limited by law. In the event of a default by a borrower, these restrictions may impede the ability of the master servicer to foreclose on or to sell the mortgaged property or to obtain a deficiency judgment. In addition, liquidation expenses (such as legal and appraisal fees, real estate taxes and maintenance and preservation expenses) will reduce the amount of security for the mortgage loans and, in turn, reduce the proceeds payable to certificateholders.

In the event that:

- the mortgaged properties fail to provide adequate security for the related mortgage loans,
- excess cashflow (if any) and overcollateralization (if any) is insufficient to cover such shortfalls,
- the subordination of certain classes are insufficient to cover such shortfalls,
- the Class 1-AV-1 Insurer fails to make the required payments under the Class 1-AV-1 Policy, and
- the guarantor fails to make the required payments under the Fannie Mae guaranty,

you could lose all or a portion of the money you paid for the certificates.

**Yield and Reinvestment Could Be  
Adversely Affected by  
Unpredictability of Prepayments ...**

No one can accurately predict the level of prepayments that the trust fund will experience. The trust fund's prepayment experience may be affected by many factors, including:

- general economic conditions,
- the level of prevailing interest rates,
- the availability of alternative financing,
- the applicability of prepayment charges, and
- homeowner mobility.

Any mortgage loan may be prepaid in full or in part at any time; however, approximately 76.32%, 66.51% and 66.45% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by principal balance of the mortgage

loans in the statistical calculation pool in respect of the related loan group, and any subsequent mortgage loans may, provide for the payment by the borrower of a prepayment charge on full prepayments during the period of time specified in the related mortgage note. In addition, substantially all of the mortgage loans contain due-on-sale provisions, and the master servicer intends to enforce those provisions unless doing so is not permitted by applicable law or the master servicer, in a manner consistent with reasonable commercial practice, permits the purchaser of the mortgaged property in question to assume the related mortgage loan.

*See “The Mortgage Pool,” “Yield, Prepayment and Maturity Considerations” and “Certain Legal Aspects of the Mortgage Loans — Due-on-Sale Clauses” in this information circular for a description of certain provisions of the mortgage loans that may affect their prepayment experience.*

The weighted average life of the Class 1-AV-1 Certificates will be sensitive to the rate and timing of principal payments (including prepayments) on the mortgage loans in loan group 2, which may fluctuate significantly from time to time.

You should note that:

- generally, if you purchase your certificates at a discount and principal is repaid on the mortgage loans in the related loan group or loan groups slower than you anticipate, then your yield may be lower than you anticipate,
- your yield will also be sensitive to:
  - (1) the level of one-month LIBOR,
  - (2) the timing of adjustment of the pass-through rate on your certificate as it relates to the interest rates on the mortgage loans in loan group 2 and the level of the mortgage index, the timing of adjustment of the interest rates on those mortgage loans, and periodic and lifetime limits on those adjustments, and
  - (3) other limitations on the pass-through rate of the Class 1-AV-1 Certificates as described further in this information circular, and
- you bear the reinvestment risks resulting from a faster or slower rate of principal payments than you expect.

*See “Yield, Prepayment and Maturity Considerations” in this information circular.*

**Your Yield Will Be Affected by the Interest-Only Feature of Some of the Mortgage Loans.....**

Approximately 9.63%, 24.03% and 31.90% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by principal balance of the mortgage loans in the statistical calculation pool in respect of the related loan group, and any subsequent mortgage loans may, require monthly payments of only accrued interest for the first 2, 3 or 5 years after origination. These

mortgage loans may involve a greater degree of risk because, if the related mortgagor defaults, the outstanding principal balance of the mortgage loans will be higher than for an amortizing mortgage loan. During the interest-only period, less principal will be available for distribution to certificateholders than otherwise would be the case. In addition, during the interest-only period, these mortgage loans may be less likely to prepay because the perceived benefits from refinancing may be less than if the mortgage loans were fully amortizing. As the interest-only period approaches its end, however, these mortgage loans may be more likely to be refinanced in order to avoid higher monthly payments necessary to fully amortize the mortgage loans.

**Distribution to and Rights of Investors Could Be Adversely Affected by the Bankruptcy or Insolvency of Certain Parties.....**

The sellers will treat the transfers of the mortgage loans to the depositor as a sale of the mortgage loans. However, if a seller becomes bankrupt, the trustee in bankruptcy of such seller may argue that the mortgage loans were not sold but were only pledged to secure a loan to such seller. If that argument is made, you could experience delays or reduction in payments on the certificates. If that argument is successful, the bankruptcy trustee could elect to sell the mortgage loans and pay down the certificates early. Thus, you could lose the right to future payments of interest, and might suffer reinvestment losses in a lower interest rate environment.

In addition, if the master servicer becomes bankrupt, a bankruptcy trustee or receiver may have the power to prevent the trustee from appointing a successor master servicer. Any related delays in servicing could result in increased delinquencies or losses on the mortgage loans.

**Geographic Concentration of Mortgaged Properties in California Increases the Risk That Certificate Yields Could Be Impaired.....**

Approximately 32.11%, 24.82% and 32.62% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by principal balance of the mortgage loans in the statistical calculation pool in respect of the related loan group, are secured by mortgaged properties that are located in California. Property in California may be more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as earthquakes, floods, mudslides and other natural disasters. In addition:

- economic conditions in California (which may or may not affect real property values) may affect the ability of borrowers to repay their loans,
- declines in the California residential real estate market may reduce the values of properties located in California, which would result in an increase in the loan-to-value ratios, and
- any increase in the market value of properties located in California would reduce the loan-to-value ratios and could, therefore, make alternative sources of financing available to the borrowers at lower interest rates, which could result in an increased rate of prepayment of the mortgage loans.

**Violations of Consumer Protection  
Laws May Adversely Affect You....**

Federal, state and local laws extensively regulate various aspects of brokering, originating, servicing and collecting mortgage loans secured by consumers' dwellings. Among other things, these laws may regulate interest rates and other charges, require disclosures, impose financial privacy requirements, mandate specific business practices, and prohibit unfair and deceptive trade practices. In addition, licensing requirements may be imposed on persons that broker, originate, service or collect such mortgage loans.

The penalties for violating federal, state or local laws vary depending on the local law and the particular facts of the situation. However, private plaintiffs typically may assert claims for actual damages and, in some cases, also may recover civil money penalties or exercise a right to rescind the mortgage loan. Violations of certain laws may limit the ability to collect all or part of the principal or interest in a mortgage loan and, in some cases, borrowers may even be entitled to a refund of amounts previously paid. Federal, state and local administrative or law enforcement agencies may also be entitled to bring legal actions, including actions for civil money penalties or restitution, for violations of certain of these laws. Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold the mortgage loans, such as the trust fund.

**Impact of World Events .....**

The economic impact of the United States' military operations in Iraq, Afghanistan and other parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material effect on general economic conditions, consumer confidence, and market liquidity. No assurance can be given as to the effect of these events on consumer confidence and the performance of the mortgage loans. Any adverse impact resulting from these events would be borne by the holders of the certificates. United States military operations also increase the likelihood of shortfalls under the Servicemembers Civil Relief Act (referred to as the "**Relief Act**"). The Relief Act provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. The Relief Act provides generally that these borrowers may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. These shortfalls are not required to be paid by the borrower at any future time and will not be advanced by the master servicer. To the extent these shortfalls reduce the amount of interest paid to the Class 1-AV-1 Certificateholders, they will not be covered by the Class 1-AV-1 Policy or the Fannie Mae guaranty. In addition, the Relief Act imposes limitations that would impair the ability of the master servicer to foreclose on an affected loan during the borrower's period of active duty status, and, under some circumstances, during an additional period thereafter.

**Hurricane Damage Risks .....**

Several hurricanes which have struck the southeastern United States in August and September of 2004 may have adversely affected mortgaged properties located in that area. Countrywide Home Loans will represent and warrant as of the closing date that no mortgaged property has been damaged by any of these hurricanes so as to materially affect the value of the mortgaged property, and Countrywide Home Loans will be obligated to repurchase or substitute for any mortgage loan found to be in breach of this representation and warranty after the initial issuance of the certificates.

Any damage to a mortgaged property occurring after the closing date as a result of the hurricanes referred to above or any other hurricane, tornado or casualty will not cause a breach of this representation and warranty. Any repurchase would have the effect of increasing the rate of principal payment on the certificates.

**Possible Prepayment Due to  
Inability to Acquire Subsequent  
Mortgage Loans .....**

If the depositor elects to deposit the pre-funded amount in the pre-funding account on the closing date, the ability of the trust fund to acquire subsequent mortgage loans for inclusion in the trust fund will depend on the ability of Countrywide Home Loans to originate or acquire mortgage loans during the funding period that meet the eligibility criteria for subsequent mortgage loans as described in this information circular. The ability of Countrywide Home Loans to originate or acquire such loans will be affected by a number of factors including prevailing interest rates, employment levels, the rate of inflation and economic conditions generally.

If the full amount of any deposit to the pre-funding account allocated to purchase subsequent mortgage loans in loan group 2 cannot be used by the end of the funding period for that purpose, such amount remaining on deposit in the pre-funding account will be distributed to the Class 1-AV-1 certificateholders as a prepayment of principal on the distribution date immediately following the end of the funding period. We cannot assure you of the magnitude of any amount on deposit in the pre-funding account at the end of the funding period.

**Certain Rights May Be Affected by  
the Issuance of Three Groups of  
Certificates from a Single Trust  
Fund .....**

The ability to declare an event of master servicing termination or to amend the pooling and servicing agreement rests with the holders of specified percentages of the certificates related to each loan group. In addition under certain circumstances, the Class 1-AV-1 Insurer or the Guarantor will have such rights as they relate to the Class 1-AV-1 Certificates. As a result, you may have less ability to control certain actions of the trust fund than you would have had if only a single class of certificates had been issued from the trust fund.

**Rights of the NIM Insurer .....**

If there is a NIM Insurer, under the pooling and servicing agreement, unless the NIM Insurer fails to make a required payment under the policy insuring the net interest margin securities and the failure is continuing or the NIM Insurer is the subject of a bankruptcy proceeding (each such event, a “***NIM Insurer Default***”), subject to certain conditions specified in the pooling and servicing agreement, the NIM Insurer will be entitled to exercise, among others, the following rights without the consent of certificateholders:

- the right to provide notices of master servicer defaults and the right to direct the trustee to terminate the rights and obligations of the master servicer under the pooling and servicing agreement upon a default by the master servicer,
- the right to remove the trustee or any co-trustee pursuant to the pooling and servicing agreement, and

- the right to direct the trustee to make investigations and take actions pursuant to the pooling and servicing agreement.

In addition, unless a NIM Insurer Default exists, such NIM Insurer's consent will be required before, among other things,

- any removal of the master servicer, any successor servicer or the trustee,
- any appointment of any co-trustee,
- any otherwise permissible waivers of prepayment penalties or extensions of due dates for payment granted by the master servicer with respect to more than 5% of the mortgage loans, or
- any amendment to the pooling and servicing agreement.

Investors in the certificates should note that:

- any insurance policy issued by the NIM Insurer will not cover, and will not benefit in any manner whatsoever, the certificates,
- the rights granted to the NIM Insurer are extensive,
- the interests of the NIM Insurer may be inconsistent with, and adverse to, the interests of the holders of the certificates, and the NIM Insurer has no obligation or duty to consider the interests of the certificates in connection with the exercise or nonexercise of the NIM Insurer's rights, and
- the NIM Insurer's exercise of its rights and consents may negatively affect the certificates and the existence of the NIM Insurer's rights, whether or not exercised, may adversely affect the liquidity of the certificates, relative to other asset-backed certificates backed by comparable mortgage loans and with comparable payment priorities.

*See "Rights of the NIM Insurer under Pooling and Servicing Agreement" in this information circular.*

**Some statements contained in or incorporated by reference in this information circular consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking words such as "may," "will," "should," "expects," "believes," "anticipates," "estimates," or other comparable words. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include, among others, general economic and business conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond our control. Because we cannot predict the future, what actually happens may be very different from what we predict in our forward-looking statements.**

## THE MORTGAGE POOL

### General

The statistical information presented in this information circular (including the information set forth in Annex A hereto) is based on a pool of mortgage loans that CWABS, Inc. (the “**Depositor**”) believes is representative of the mortgage loans to be included in the Trust Fund (such pool, the “**Statistical Calculation Pool**”), although some characteristics of the Mortgage Loans in the Mortgage Pool may vary. See “—*The Statistical Calculation Pool*.” The information presented with respect to the Statistical Calculation Pool is based on the number and the Stated Principal Balances of such Mortgage Loans as of the later of (x) December 1, 2004 (the “**Statistical Calculation Date**”) and (y) the date of origination of each such Initial Mortgage Loan (such date, the “**Initial Cut-off Date**,” such aggregate of such Stated Principal Balances, the “**Initial Cut-off Date Pool Principal Balance**,” and the Stated Principal Balance of any Initial Mortgage Loan as of the Initial Cut-off Date, the “**Initial Cut-off Date Principal Balance**”).

The Statistical Calculation Pool consists of approximately 5,949 Mortgage Loans and is comprised of Mortgage Loans that bear interest at fixed rates (such Mortgage Loans, the “**Fixed Rate Mortgage Loans**”) and adjustable rates (such Mortgage Loans, the “**Adjustable Rate Mortgage Loans**”). The aggregate Stated Principal Balance of the Mortgage Loans included in the Statistical Calculation Pool as of the Statistical Calculation Date will be approximately \$1,096,359,431 (the “**Statistical Calculation Date Pool Principal Balance**”), of which approximately \$272,522,714 will consist of Group 1 Mortgage Loans, approximately \$488,999,801 will consist of Group 2 Mortgage Loans and approximately \$334,836,916 will consist of Group 3 Mortgage Loans (in each case subject to a permitted variance of plus or minus 10%). The Depositor believes that the information set forth in this information circular with respect to the Statistical Calculation Pool as presently constituted is representative of the characteristics of the Initial Mortgage Pool as will be constituted on the Closing Date, although some characteristics of the Initial Mortgage Loans in the Initial Mortgage Pool will vary. See “— The Statistical Calculation Pool” below. Unless otherwise indicated, information presented below expressed as a percentage (other than rates of interest) are approximate percentages based on the Statistical Calculation Date Pool Principal Balance.

All of the Mortgage Loans to be included in the Trust Fund will be evidenced by promissory notes (the “**Mortgage Notes**”). The Mortgage Notes will be secured by first lien deeds of trust, security deeds or mortgages on one- to four-family residential properties (the “**Mortgaged Properties**”). The Mortgaged Properties in the Statistical Calculation Pool are located in 50 states and the District of Columbia. Each Mortgage Loan in the Trust Fund will be assigned to one of three mortgage loan groups (“**Loan Group 1**,” “**Loan Group 2**” and “**Loan Group 3**” and each a “**Loan Group**”). Loan Group 1 will consist of first lien fixed rate mortgage loans with principal balances at origination that may or may not be in excess of Fannie Mae’s conforming loan limits. Loan Group 2 will consist of first lien adjustable rate mortgage loans having principal balances at origination not in excess of Fannie Mae’s conforming loan limits. Loan Group 3 will consist of first lien adjustable rate mortgage loans with principal balances at origination that may or may not be in excess of Fannie Mae’s conforming loan limits.

Except for balloon loans, the Mortgage Loans to be included in the Trust Fund will provide for the full amortization of the amount financed over a series of monthly payments, and a substantial majority of the Mortgage Loans are expected to provide for payments due as of the first day of each month. The Mortgage Loans to be included in the Trust Fund will have been originated or purchased by Countrywide Home Loans, Inc. (“**Countrywide Home Loans**” or a “**Seller**”) and will have been originated substantially in accordance with Countrywide Home Loans’s underwriting criteria for credit blemished mortgage loans described in this information circular under “— *Underwriting Standards — Credit Blemished Mortgage Loans*.” Credit blemished mortgage loans are generally mortgage loans made to borrowers with prior credit difficulties.

Scheduled monthly payments made by the mortgagors on the Mortgage Loans (“**Scheduled Payments**”) either earlier or later than the scheduled due dates thereof will not affect the amortization schedule or the relative application of such payments to principal and interest. All of the Mortgage Notes will provide for a fifteen (15) day grace period for monthly payments. A Scheduled Payment with respect to a Mortgage Loan is generally considered “delinquent” if the mortgagor fails to make such Scheduled Payment prior to the due date occurring immediately after the due date on which such Scheduled Payment was originally due.

Any Mortgage Loan may be prepaid in full or in part at any time; however, approximately 76.32%, 66.51% and 66.45% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by principal balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group, provide for the payment by the borrower of a prepayment charge on full prepayments made with respect to the Mortgage Loans. Generally, any such prepayment charge will apply, in the case of Fixed Rate Mortgage Loans, to prepayments made within five years from the date of execution of the related Mortgage Note and, in the case of Adjustable Rate Mortgage Loans, to prepayments made prior to the first Adjustment Date. In general, the related Mortgage Note will provide that a prepayment charge will apply if, during the applicable period, the borrower prepays such Mortgage Loan in full. The amount of the prepayment charge will generally be equal to six months' advance interest calculated on the basis of the Mortgage Rate in effect at the time of such prepayment on the amount prepaid in excess of 20% of the original balance of such Mortgage Loan. The "**Mortgage Rate**" with respect to a Mortgage Loan is the annual rate of interest borne by the Mortgage Loan pursuant to the terms of the related Mortgage Note, except as provided below with respect to Fixed Rate Credit Comeback Loans.

*Additional Information Regarding the Adjustable Rate Mortgage Loans.* Each of the Adjustable Rate Mortgage Loans will have a Mortgage Rate which is subject to adjustment on the first day of the months specified in the related Mortgage Note (each such date, an "**Adjustment Date**") to equal the sum, rounded to the nearest 0.125%, of:

- (1) the average of the London interbank offered rates for six-month U.S. dollar deposits in the London market, as set forth in The Wall Street Journal, or, if such rate ceases to be published in The Wall Street Journal or becomes unavailable for any reason, then based upon a new index selected by the Master Servicer based on comparable information, in each case as most recently announced as of a date generally 45 days prior to such Adjustment Date (the "**Mortgage Index**"), and
- (2) a fixed percentage amount specified in the related Mortgage Note (the "**Gross Margin**");

provided, however, that the Mortgage Rate for any Adjustable Rate Mortgage Loan will not increase or decrease on its initial Adjustment Date by more than a specified percentage (the "**Initial Periodic Rate Cap**") or on any subsequent Adjustment Date by more than a certain specified percentage (the "**Subsequent Periodic Rate Cap**"). The Initial Periodic Rate Cap and Subsequent Periodic Rate Cap for any Adjustable Rate Mortgage Loan will be specified in the related Mortgage Note. Substantially all of the Adjustable Rate Mortgage Loans will have been originated with Mortgage Rates less than the sum of the then-current Mortgage Index and the related Gross Margin.

A "**Two-Year Hybrid Mortgage Loan**" and a "**Three-Year Hybrid Mortgage Loan**" have fixed Mortgage Rates for approximately 24 and 36 months, respectively, after their origination before such fixed Mortgage Rates become subject to adjustment based on the Mortgage Index described in the immediately preceding paragraph.

It is expected that substantially all of the Adjustable Rate Mortgage Loans will provide that, over the life of each such Mortgage Loan, the Mortgage Rate will in no event be more than the initial Mortgage Rate plus a maximum added margin, generally between 4.000% and 10.000%, as provided in the Mortgage Note (such initial Mortgage Rate plus such maximum added margin, the "**Maximum Mortgage Rate**"). The weighted average of such margins (weighted on the basis of the Stated Principal Balances thereof as of the Initial Cut-off Date) with respect to the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool is approximately 6.646%.

In addition, certain of the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool are 2/28 Interest-Only Loans or 3/27 Interest-Only Loans. A "**2/28 Interest-Only Loan**" and a "**3/27 Interest-Only Loan**" have only interest due for approximately 24 and 36 months, respectively, after their origination before amortization of the principal balances is required.

*Additional Information Regarding the Fixed Rate Mortgage Loans.* The Fixed Rate Mortgage Loans will include "credit comeback loans" that provide borrowers the potential of four Mortgage Rate reductions for good payment history during any one or more of the first four consecutive twelve-month periods following the origination date of the loan ("**Fixed Rate Credit Comeback Loans**"). The Fixed Rate Credit Comeback Loan payment history is evaluated in the twelfth month of each such twelve-month period. If the Fixed Rate Credit Comeback Loan



borrower makes Scheduled Payments in full during such twelve-month period with a maximum of one late payment (which, however, cannot be in the twelfth month of such period) the Fixed Rate Credit Comeback Loan is eligible for a 0.375% per annum reduction on the current mortgage rate.

However, for purposes of all payments made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate on each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history. Any interest received in excess of the interest received as a result of such deemed reduction (such excess, the “**Credit Comeback Excess Amount**”) will be deposited in the Credit Comeback Excess Account and used to pay Certificateholders as described below under “— *Credit Comeback Excess Account*” below. It is expected that no more than approximately 2.97% of the Mortgage Loans in Loan Group 1 will be Fixed Rate Credit Comeback Loans.

In addition, certain of the Fixed Rate Mortgage Loans in the Statistical Calculation Pool are Fixed 30-Year Interest-Only Loans. A “**Fixed 30-Year Interest-Only Loan**” has only interest due for approximately 60 months after its origination before amortization of the principal balance is required.

*Loan-to-Value Ratio.* The “**Loan-to-Value Ratio**” of a Mortgage Loan is equal to:

- (1) the principal balance of such Mortgage Loan at the date of origination, divided by
- (2) the Collateral Value of the related Mortgaged Property.

The “**Collateral Value**” of a Mortgaged Property is the lesser of:

- (1) the appraised value based on an appraisal made for Countrywide Home Loans by an independent fee appraiser at the time of the origination of the related Mortgage Loan, and
- (2) the sales price of such Mortgaged Property at such time of origination.

With respect to a Mortgage Loan the proceeds of which were used to refinance an existing mortgage loan, the Collateral Value is the appraised value of the Mortgaged Property based upon the appraisal obtained at the time of refinancing.

*Stated Principal Balance.* “**Stated Principal Balance**” means, for any Mortgage Loan and (1) the Initial Cut-off Date or the Subsequent Cut-off Date, as applicable (the “**Cut-off Date**”), the unpaid principal balance of such Mortgage Loan as of such date, as specified in its amortization schedule at the time (before any adjustment to the amortization schedule for any moratorium or similar waiver or grace period), after giving effect to any partial prepayments and Liquidation Proceeds received prior to such date and to the payment of principal due on such date and irrespective of any delinquency in payment by the related mortgagor or (2) any Distribution Date, the Stated Principal Balance of the Mortgage Loan as of its Cut-off Date, minus the sum of (i) the principal portion of any Scheduled Payments due with respect to the Mortgage Loan on or prior to the end of the most recent Due Period that were received by the Master Servicer on or prior to the most recent Determination Date or were advanced by the Master Servicer on or prior to the most recent Master Servicer Advance Date, (ii) principal prepayments with respect to the Mortgage Loan received on or prior to the end of the most recent prepayment period (the period from the 16th day of the month prior to a Distribution Date (or, in the case of the first Distribution Date, from the Cut-off Date) to and including the 15th day of the month in which such Distribution Date occurs (each a “**Prepayment Period**”)) and (iii) Liquidation Proceeds received by the Master Servicer prior to the end of the most recent Due Period to the extent applied as recoveries of principal with respect to the Mortgage Loan. When used with respect to the Mortgage Pool, Stated Principal Balance means the aggregate Stated Principal Balance of all Mortgage Loans in the Mortgage Pool. When used with respect to a Loan Group, Stated Principal Balance means the aggregate Stated Principal Balance of all Mortgage Loans in such Loan Group. A “**Determination Date**” means with respect to any Distribution Date, the 15th day of the month of such Distribution Date or, if such 15th day is not a Business Day, the immediately preceding Business Day.

## The Statistical Calculation Pool

The statistical information presented in this information circular is based on the Statistical Calculation Pool. The Statistical Calculation Pool reflects Mortgage Loans as of December 1, 2004. The statistical information presented in this information circular is based on the number and the Stated Principal Balances of such Mortgage Loans as of the Statistical Calculation Date. The Statistical Calculation Pool is smaller than the Initial Mortgage Pool. It is expected that additional Mortgage Loans will be included in the Initial Mortgage Pool on the Closing Date and that certain of the Statistical Calculation Pool Mortgage Loans may prepay in part or in full prior to the Closing Date, or may be determined not to meet the eligibility criteria requirements for the Initial Mortgage Pool and therefore may not be included in the Initial Mortgage Pool. As a result of the foregoing, the statistical distribution of characteristics for the Initial Mortgage Pool will vary from the statistical distribution of such characteristics of the Statistical Calculation Pool as presented in this information circular, although such variance will not be material. In addition, Subsequent Mortgage Loans may be added to the Mortgage Pool during the Funding Period, if applicable. Further statistical information regarding the Statistical Calculation Pool Mortgage Loans is set forth in Annex A hereto.

## Assignment of the Mortgage Loans

Pursuant to the pooling and servicing agreement dated as of December 1, 2004 (the “**Pooling and Servicing Agreement**”), among the Depositor, the Master Servicer, the Sellers, Fannie Mae (the “**Guarantor**”), The Bank of New York, as trustee (the “**Trustee**”) and The Bank of New York Trust Company, N.A., as co-trustee (the “**Co-Trustee**”), the Depositor on the Closing Date will sell, transfer, assign, set over and otherwise convey without recourse to the Trustee in trust for the benefit of the Certificateholders and the Class 1-AV-1 Insurer all right, title and interest of the Depositor in and to each Initial Mortgage Loan and all right, title and interest in and to all other assets included in the Trust Fund, including all principal and interest received on or with respect to the Initial Mortgage Loans after the Initial Cut-off Date, exclusive of any scheduled principal due on or prior to the Initial Cut-off Date and any interest accruing prior to the Initial Cut-off Date, and the Pre-Funded Amount, if any, deposited in the Pre-Funding Account on the Closing Date.

In connection with such transfer and assignment of the Mortgage Loans, the Depositor will deliver the following documents to the Co-Trustee (collectively constituting the “**Trustee’s Mortgage File**”) with respect to each Initial Mortgage Loan and each Subsequent Mortgage Loan, if any (collectively, the “**Mortgage Loans**”):

- (1) the original Mortgage Note, endorsed by the applicable Seller or the originator of the Mortgage Loan, without recourse in the following form: “Pay to the order of \_\_\_\_\_ without recourse” with all intervening endorsements that show a complete chain of endorsement from the originator to the applicable Seller,
- (2) the original recorded Mortgage,
- (3) a duly executed assignment of the Mortgage to “Asset-Backed Certificates, Series 2004-15, CWABS, Inc., by The Bank of New York, a New York banking corporation, as trustee under the Pooling and Servicing Agreement dated as of December 1, 2004, without recourse,” in recordable form, as described in the Pooling and Servicing Agreement,
- (4) the original recorded assignment or assignments of the Mortgage together with all interim recorded assignments of such Mortgage,
- (5) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, and
- (6) the original or duplicate original lender’s title policy and all riders thereto or, in the event such original title policy has not been received from the insurer, such original or duplicate original lender’s title policy and all riders thereto will be delivered within one year of the Closing Date.

Notwithstanding the foregoing, in lieu of providing the documents set forth in clauses (3) and (4) above, the Depositor may at its discretion provide evidence that the related Mortgage is held through the MERS® System. In addition, the Mortgages for some or all of the Mortgage Loans in the Trust Fund that are not already held through the MERS® System may, at the discretion of the Master Servicer, in the future be held through the MERS® System. For any Mortgage held through the MERS® System, the Mortgage is recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS®, as nominee for the owner of the Mortgage Loan, and subsequent assignments of the Mortgage were, or in the future may be, at the discretion of the Master Servicer, registered electronically through the MERS® System. For each of these Mortgage Loans, MERS® serves as mortgagee of record on the Mortgage solely as a nominee in an administrative capacity on behalf of the Trustee, and does not have any interest in the Mortgage Loan.

Pursuant to the Pooling and Servicing Agreement, the Depositor will be required to deliver (or cause delivery of) the Trustee's Mortgage Files:

(A) not later than the Closing Date, with respect to at least 50% of the Initial Mortgage Loans, and not later than the relevant Subsequent Transfer Date, with respect to at least 10% of the Subsequent Mortgage Loans conveyed on any related Subsequent Transfer Date,

(B) not later than twenty days after the Closing Date, with respect to at least an additional 40% of the Initial Mortgage Loans, and not later than twenty days after the relevant Subsequent Transfer Date with respect to the remaining Subsequent Mortgage Loans conveyed on any related Subsequent Transfer Date, and

(C) not later than thirty days after the Closing Date, with respect to the remaining Initial Mortgage Loans.

Assignments of the Mortgage Loans to the Trustee (or its nominee) will be recorded in the appropriate public office for real property records, except in states (such as California) as to which an opinion of counsel is delivered to the effect that 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 Depositor or the applicable Seller. As to any Mortgage Loan, the recording requirement exception described in the preceding sentence is applicable only so long as the related Trustee's Mortgage File is maintained in the possession of the Co-Trustee in one of the states to which such exception applies. In the event any such assignment is delivered to the Trustee in blank and the related Trustee's Mortgage File is released by the Trustee pursuant to applicable provisions of the Pooling and Servicing Agreement, the Trustee will complete such assignment as provided in subparagraph (3) above prior to any such release. In the event such recording is required to protect the interest of the Trustee in the Mortgage Loans, the Master Servicer is required to cause each previously unrecorded assignment to be submitted for recording.

The Co-Trustee will review the Initial Mortgage Loan documents on or prior to the Closing Date (or promptly after the Co-Trustee's receipt of any document permitted to be delivered after the Closing Date), and the Subsequent Mortgage Loan documents promptly after the Co-Trustee's receipt thereof on or after the related Subsequent Transfer Date as described above, and the Co-Trustee will hold such documents in trust for the benefit of the holders of the Certificates. After review of such Mortgage Loan documents, if any document is found to be missing or defective in any material respect, the Trustee or the Co-Trustee is required to notify the Master Servicer, the Class 1-AV-1 Insurer, the Guarantor and Countrywide Home Loans in writing. If Countrywide Home Loans cannot or does not cure such omission or defect within 90 days of its receipt of notice from the Trustee or the Co-Trustee, Countrywide Home Loans is required to repurchase the related Mortgage Loan from the Trust Fund at the Purchase Price defined below for Mortgage Loan repurchases. Rather than repurchase the Mortgage Loan as provided above, Countrywide Home Loans may remove such Mortgage Loan (a "**Deleted Mortgage Loan**") from the Trust Fund and substitute in its place another Mortgage Loan of like kind (a "**Replacement Mortgage Loan**"); however, such substitution is only permitted within two years after the Closing Date, and may not be made unless an opinion of counsel is provided to the effect that such substitution would not disqualify any REMIC election made by the Trustee or result in a prohibited transaction tax under the Code. Any Replacement Mortgage Loan generally will, on the date of substitution, among other characteristics set forth in the Pooling and Servicing Agreement:

(1) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not less than 90% of, the Stated Principal Balance of the Deleted Mortgage Loan (the amount of any shortfall to be forwarded by Countrywide Home Loans to the Master Servicer and deposited by the Master Servicer in the Certificate Account not later than the succeeding Determination Date and held for distribution to the holders of the Certificates on the related Distribution Date),

(2) if the Deleted Mortgage Loan that is being replaced was in Loan Group 2, such Replacement Mortgage Loan will have a principal balance at origination not in excess of Fannie Mae's conforming loan limits,

(3) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have a Maximum Mortgage Rate not more than 1% per annum higher or lower than the Maximum Mortgage Rate of the Deleted Mortgage Loan,

(4) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have a minimum Mortgage Rate specified in its related Mortgage Note (such rate, the "**Minimum Mortgage Rate**") not more than 1% per annum higher or lower than the Minimum Mortgage Rate of the Deleted Mortgage Loan,

(5) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have the same Mortgage Index and intervals between Adjustment Dates, as the Deleted Mortgage Loan and a Gross Margin not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan, and an initial Periodic Rate Cap and Subsequent Periodic Rate Cap each not more than 1% per annum lower than that of the Deleted Mortgage Loan,

(6) have the same or higher credit quality characteristics than that of the Deleted Mortgage Loan,

(7) be accruing interest at a rate not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan,

(8) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan,

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

(10) not permit conversion of the Mortgage Rate from a fixed rate to a variable rate or vice versa,

(11) provide for a prepayment charge on terms substantially similar to those of the prepayment charge, if any, of the Deleted Mortgage Loan,

(12) constitute the same occupancy type and lien priority as the Deleted Mortgage Loan,

(13) if the Deleted Mortgage Loan that is being replaced was in Loan Group 2, such Replacement Mortgage Loan will be otherwise acceptable to the Guarantor, and

(14) comply with all of the representations and warranties set forth in the Pooling and Servicing Agreement as of the date of substitution.

This cure, repurchase or substitution obligation constitutes the sole remedy available to the Certificateholders, the Trustee or the Depositor for omission of, or a material defect in, a Mortgage Loan document.

Countrywide Home Loans will make representations and warranties regarding all the Mortgage Loans. Such representations and warranties may include, among other things:

- that title insurance (or in the case of Mortgaged Properties located in areas where such policies are generally not available, an attorney's certificate of title) and any required hazard insurance policy were effective at origination of each Mortgage Loan, other than cooperative loans, and that each policy (or certificate of title as applicable) remained in effect on the date of purchase of the loan from the Seller by or on behalf of the Depositor;
- that each Mortgage constituted a valid first lien on, or a perfected security interest with respect to, the Mortgaged Property (subject only to permissible liens disclosed, if applicable, title insurance exceptions, if applicable, and certain other exceptions described in the Pooling and Servicing Agreement) and that the Mortgaged Property was free from damage and was in acceptable condition;
- that there were no delinquent tax or assessment liens against the Mortgaged Property; and
- that each Mortgage Loan was made in compliance with, and is enforceable under, all applicable local, state and federal laws and regulations in all material respects.

In addition, each Seller will make a representation and warranty that such Seller had good title to, and was the sole owner of, each Mortgage Loan it transfers, free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the same pursuant to the Pooling and Servicing Agreement. The Master Servicer will also make certain representations and warranties regarding the Mortgage Loans.

The representations and warranties in respect of a Mortgage Loan will be made as of the Cut-off Date; however, certain representations and warranties will be made as of the Closing Date. These representations and warranties generally will not address events that may occur following the dates as of which they are made.

Upon notification of the relevant representing party as provided in the Pooling and Servicing Agreement of a breach of any representation or warranty made by it in respect of a Mortgage Loan which materially and adversely affects the interests of the Certificateholders in such Mortgage Loan, the representing party will within 90 days cure such breach or:

- repurchase such Mortgage Loan from the Trust Fund at a price (the "**Purchase Price**") equal to (i) 100% of the unpaid principal balance (or, if such purchase or repurchase, as the case may be, is effected by the Master Servicer, the Stated Principal Balance) of the Mortgage Loan as of the date of such purchase, (ii) accrued interest thereon at the applicable Mortgage Rate (or, if such purchase or repurchase, as the case may be, is effected by the Master Servicer, at the Net Mortgage Rate) from (a) the date through which interest was last paid by the mortgagor (or, if such purchase or repurchase, as the case may be, is effected by the Master Servicer, the date through which interest was last advanced by and not reimbursed to the Master Servicer) to (b) the Due Date in the month in which the Purchase Price is to be distributed to Certificateholders and (iii) any costs, expenses and damages incurred by the Trust Fund resulting from any violation of any predatory or abusive lending law in connection with such Mortgage Loan or
- substitute for such Mortgage Loan a Replacement Mortgage Loan that satisfies the criteria specified above for substitutions.

This cure, repurchase or substitution obligation constitutes the sole remedy available to the Certificateholders, the Trustee or the Depositor for a breach of representation or warranty with respect to the Mortgage Loans.

No party other than the particular representing party making representations in respect of the Mortgage Loans will be obligated to purchase or substitute a loan if that representing party defaults on its obligation to do so,

and no assurance can be given a representing party will carry out their respective repurchase or substitution obligations with respect to the Mortgage Loans.

### **Pre-Funding**

On the Closing Date, the Depositor may elect to deposit an amount of up to 25% of the initial Certificate Principal Balance of the Certificates (any such deposit, the “**Pre-Funded Amount**”) in a pre-funding account (any such account, the “**Pre-Funding Account**”) established and maintained by the Trustee on behalf of the Certificateholders. The Pre-Funded Amount will be allocated between the Loan Groups so that the amount allocated to either Loan Group will not exceed 25% of the initial Certificate Principal Balance of the Certificates related to such Loan Group. Any investment income earned from amounts in the Pre-Funding Account, if any, will be paid to the Depositor, and will not be available for payments on the Certificates. If the Depositor elects to deposit the Pre-Funded Amount in the Pre-Funding Account, during the period from the Closing Date until the earlier of (x) the date the amount in the Pre-Funding Account is less than \$25,000 and (y) February 14, 2005 (the “**Funding Period**”), the Depositor will be expected to purchase additional mortgage loans originated or purchased by a Seller (such mortgage loans, the “**Subsequent Mortgage Loans**”) from a Seller and sell such Subsequent Mortgage Loans to the Trust Fund as described below. The purchase price for each Subsequent Mortgage Loan will equal the Stated Principal Balance of such Subsequent Mortgage Loan as of the later of (x) the first day of the month of the related Subsequent Transfer Date and (y) the origination date of that Subsequent Mortgage Loan (the related “**Subsequent Cut-off Date**”) and will be paid from the Pre-Funding Account. Accordingly, the purchase of Subsequent Mortgage Loans will decrease the amount on deposit in the Pre-Funding Account and increase the Stated Principal Balance of the Mortgage Pool.

Pursuant to the Pooling and Servicing Agreement and a Subsequent Transfer Agreement to be executed by the applicable Seller, the Depositor and the Trustee, the conveyance of Subsequent Mortgage Loans may be made on any Business Day during the Funding Period (a “**Subsequent Transfer Date**”), subject to the fulfillment of certain conditions in the Pooling and Servicing Agreement, including that:

- the Subsequent Mortgage Loans conveyed on such Subsequent Transfer Date satisfy the same representations and warranties in the Pooling and Servicing Agreement applicable to all Mortgage Loans,
- the Subsequent Mortgage Loans conveyed on such Subsequent Transfer Date were selected in a manner reasonably believed not to be adverse to the interests of the Certificateholders,
- the Trustee receives an opinion of counsel with respect to the validity of the conveyance of the Subsequent Mortgage Loans conveyed on such Subsequent Transfer Date,
- the Trustee receives an opinion of counsel to the effect that the conveyance of the Subsequent Mortgage Loans conveyed on such Subsequent Transfer Date will not (i) result in the imposition of the tax on “prohibited transactions” on the Trust Fund or contributions after the Startup Date, as defined in Sections 860F(a)(2) and 860G(d) of the Code, respectively, or (ii) cause the Trust Fund to fail to qualify as a REMIC at any time that any Certificates are outstanding,
- the Trustee receives opinions of counsel to the effect that the conveyance of the Subsequent Mortgage Loans conveyed on such Subsequent Transfer Date from the applicable Seller to the Depositor and the simultaneous conveyance of such Subsequent Mortgage Loans from the Depositor to the Trust Fund will be characterized as true sales and not loans secured by such Subsequent Mortgage Loans,
- the conveyance of the Subsequent Mortgage Loans on such Subsequent Transfer Date will not result in a reduction or withdrawal of any ratings assigned to the Certificates,
- no Subsequent Mortgage Loan conveyed on such Subsequent Transfer Date was 30 or more days delinquent, and

- following the conveyance of the Subsequent Mortgage Loans on such Subsequent Transfer Date to the Trust Fund, the characteristics of the Trust Fund and each Loan Group will not vary by more than the permitted variance specified below (other than the percentage of mortgage loans secured by properties located in California, which will not exceed 50% of the Mortgage Pool and the percentage of mortgage loans in the Credit Grade Categories of “C” or below, which will not exceed 10% of the mortgage loans in each Loan Group) from the characteristics listed below; provided that for the purpose of making such calculations, the characteristics for any Initial Mortgage Loan will be taken as of the Initial Cut-off Date and the characteristics for any Subsequent Mortgage Loan will be taken as of the Subsequent Cut-off Date:

#### **Loan Group 1**

<b>Characteristic</b>		<b>Permitted Variance or Range</b>
Average Stated Principal Balance .....	\$183,764	10%
Weighted Average Mortgage Rate .....	6.789%	0.10%
Weighted Average Original Loan-to-Value Ratio .....	74.23%	3%
Weighted Average Remaining Term to Maturity .....	348 months	5 months
Weighted Average Credit Bureau Risk Score .....	616 points	5 points

#### **Loan Group 2**

<b>Characteristic</b>		<b>Permitted Variance or Range</b>
Average Stated Principal Balance .....	\$171,760	10%
Weighted Average Mortgage Rate .....	7.001%	0.10%
Weighted Average Original Loan-to-Value Ratio .....	80.40%	3%
Weighted Average Remaining Term to Maturity .....	360 months	3 months
Weighted Average Credit Bureau Risk Score .....	597 points	5 points

#### **Loan Group 3**

<b>Characteristic</b>		<b>Permitted Variance or Range</b>
Average Stated Principal Balance .....	\$206,817	10%
Weighted Average Mortgage Rate .....	7.280%	0.10%
Weighted Average Original Loan-to-Value Ratio .....	81.33%	3%
Weighted Average Remaining Term to Maturity .....	359 months	3 months
Weighted Average Credit Bureau Risk Score .....	594 points	5 points

### **Underwriting Standards**

*Credit Blemished Mortgage Loans.* The following is a description of the underwriting procedures customarily employed by Countrywide Home Loans with respect to credit blemished mortgage loans. Countrywide Home Loans produces its credit blemished mortgage loans through its Consumer Markets, Full Spectrum Lending, Correspondent Lending and Wholesale Lending Divisions. Prior to the funding of any credit blemished mortgage loan, Countrywide Home Loans underwrites the related mortgage loan in accordance with the underwriting standards established by Countrywide Home Loans. In general, the mortgage loans are underwritten centrally by a specialized group of underwriters who are familiar with the unique characteristics of credit blemished mortgage loans. In general, Countrywide Home Loans does not purchase any credit blemished mortgage loan that it has not itself underwritten.

Countrywide Home Loans's underwriting standards are primarily intended to evaluate the value and adequacy of the mortgaged property as collateral for the proposed mortgage loan and the borrower's credit standing and repayment ability. On a case by case basis, Countrywide Home Loans may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include low loan-to-value ratio, low debt-to-income ratio, stable employment, time in the same residence or other factors. It is expected that a significant number of the Mortgage Loans will have been originated based on such underwriting exceptions.

Each prospective borrower completes an application which includes information with respect to the applicant's assets, liabilities, income and employment history, as well as certain other personal information. Countrywide Home Loans requires an independent credit bureau report on the credit history of each applicant in order to evaluate the applicant's prior willingness and/or ability to repay. The report typically contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, repossession, suits or judgments.

After obtaining all applicable employment, credit and property information, Countrywide Home Loans uses a debt-to-income ratio to assist in determining whether the prospective borrower has sufficient monthly income available to support the payments of principal and interest on the mortgage loan in addition to other monthly credit obligations. The "***debt-to-income ratio***" is the ratio of the borrower's total monthly credit obligations to the borrower's gross monthly income. The maximum monthly debt-to-income ratio varies depending upon a borrower's credit grade and documentation level (as described below) but does not generally exceed 50%. Variations in the monthly debt-to-income ratios limit are permitted based on compensating factors.

Countrywide Home Loans's underwriting standards are applied in accordance with applicable federal and state laws and regulations and require an independent appraisal of the mortgaged property prepared on a Uniform Residential Appraisal Report (Form 1004) or other appraisal form as applicable to the specific mortgaged property type. Each appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home and generally is required to have been made not earlier than 180 days prior to the date of origination of the mortgage loan. Every independent appraisal is reviewed by a representative of Countrywide Home Loans before the loan is funded, and an additional review appraisal is generally performed in connection with appraisals not provided by Landsafe Appraisals, Inc., a wholly owned subsidiary of Countrywide Home Loans. In most cases, properties that are not at least in average condition (including properties requiring major deferred maintenance) are not acceptable as collateral for a credit blemished loan. The maximum loan amount varies depending upon a borrower's credit grade, Credit Bureau Risk Score, and documentation level but does not generally exceed \$1,000,000. Variations in maximum loan amount limits are permitted based on compensating factors.

Countrywide Home Loans's underwriting standards permit first mortgage loans with loan-to-value ratios at origination of up to 100% and second mortgage loans with combined loan-to-value ratios at origination of up to 100% depending on the program, type and use of the property, documentation level, creditworthiness of the borrower, debt-to-income ratio and loan amount.

Countrywide Home Loans requires title insurance on all credit blemished mortgage loans. Countrywide Home Loans also requires that fire and extended coverage casualty insurance be maintained on the mortgaged property in an amount at least equal to the principal balance or the replacement cost of the mortgaged property, whichever is less.

Countrywide Home Loans's credit blemished mortgage loan underwriting standards are more flexible than the standards generally acceptable to Countrywide Home Loans for its non-credit blemished mortgage loans with regard to the borrower's credit standing and repayment ability. While more flexible, Countrywide Home Loans's underwriting guidelines still place primary reliance on a borrower's ability to repay; however Countrywide Home Loans may require lower loan-to-value ratios than for loans underwritten to more traditional standards. Borrowers who qualify generally have payment histories and debt-to-income ratios which would not satisfy more traditional underwriting guidelines and may have a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. Countrywide Home Loans's credit blemished mortgage loan underwriting guidelines establish



the maximum permitted loan-to-value ratio for each loan type based upon these and other risk factors with more risk factors resulting in lower loan-to-value ratios.

Countrywide Home Loans underwrites or originates credit blemished mortgage loans pursuant to alternative sets of underwriting criteria under its Full Documentation Loan Program (the “**Full Doc Program**”), and Stated Income Loan Program (the “**Stated Income Program**”). Under each of the underwriting programs, Countrywide Home Loans verifies the loan applicant’s sources and amounts of income (except under the Stated Income Program where the amount of income is not verified), calculates the amount of income from all sources indicated on the loan application, reviews the credit history of the applicant, calculates the debt-to-income ratio to determine the applicant’s ability to repay the loan, and reviews the appraisal of the mortgaged property for compliance with Countrywide Home Loans’s underwriting standards.

Under the Stated Income Program, the borrower’s employment and income sources and amounts must be stated on the borrower’s application. The borrower’s income as stated must be reasonable for the related occupation and such determination as to reasonableness is subject to the loan underwriter’s discretion. However, the borrower’s income as stated on the application is not independently verified. Maximum loan-to-value ratios are generally lower than those permitted under the Full Doc Program. Except as otherwise stated above, the same mortgage credit, consumer credit and collateral related underwriting guidelines apply.

Under the Full Doc, and Stated Income Programs, various risk categories are used to grade the likelihood that the mortgagor will satisfy the repayment conditions of the mortgage loan. These risk categories establish the maximum permitted loan-to-value ratio, debt-to-income ratio and loan amount, given the borrower’s credit history, the occupancy status of the mortgaged property and the type of mortgaged property. In general, more (or more recent) derogatory credit items such as delinquent mortgage payments or prior bankruptcies result in a loan being assigned to a higher credit risk category.

Countrywide Home Loans’s underwriting guidelines for credit blemished mortgage loans utilize credit grade categories to grade the likelihood that the mortgagor will satisfy the repayment conditions of the mortgage loans. In general, a credit grade category is assigned by evaluating a borrower’s mortgage history, time since bankruptcy, and time since foreclosure or notice of default. The credit grade categories establish guidelines for determining maximum allowable loan-to-value ratios and loan amounts given the borrower’s Credit Bureau Risk Score, and maximum allowable debt-to-income ratios for a given mortgage loan. A summary of the credit grade categories is set forth below.

Credit Grade Category: “A”

**Loan-To-Value Ratio:** Maximum of 100%

**Debt-To-Income Ratio:** Maximum of 50%

**Loan Amount:** Maximum of \$1,000,000

**Consumer Credit History:** Credit Bureau Risk Score must be greater than or equal to 500 for loan amounts up to \$400,000, 520 for loan amounts up to \$500,000, 580 for loan amounts up to \$600,000, or 600 for loan amounts of \$600,001 to \$1,000,000. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower’s consumer credit history through alternative means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 4 delinquencies of 30 days in the past 12 months.

**Mortgage History:** No more than 1 non-consecutive delinquency of 30 days during the past 12 months.

**Bankruptcy:** At least 2 years since discharge/dismissal of Chapter 7, 11, or 13 Bankruptcy.

**Foreclosure/Notice of Default:** At least 3 years since foreclosure/notice of default released.

Credit Grade Category: “A-”

**Loan-To-Value Ratio:** Maximum of 90%

**Debt-To-Income Ratio:** Maximum of 50%

**Loan Amount:** Maximum of \$500,000

**Consumer Credit History:** Credit Bureau Risk Score must be greater than or equal to 500 for loan amounts up to \$400,000, or 520 for loan amounts up to \$500,000. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower’s consumer credit history through alternative

means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 6 delinquencies of 30 days, and 2 delinquencies of 60 days in the past 12 months.

**Mortgage History:** No more than 2 non-consecutive delinquencies of 30 days during the past 12 months.

**Bankruptcy:** At least 2 years since discharge/dismissal of Chapter 7 or 11 Bankruptcy, and 2 years since filing or dismissal of Chapter 13 Bankruptcy. Additionally, a Chapter 13 Bankruptcy must be discharged prior to the loan application date if it has not been dismissed.

**Foreclosure/Notice of Default:** At least 3 years since foreclosure/notice of default released.

Credit Grade Category: "B"

**Loan-To-Value Ratio:** Maximum of 85%

**Debt-To-Income Ratio:** Maximum of 50%

**Loan Amount:** Maximum of \$500,000

**Consumer Credit History:** Credit Bureau Risk Score must be greater than or equal to 500 for loan amounts up to \$400,000, or 520 for loan amounts up to \$500,000. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower's consumer credit history through alternative means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 10 delinquencies of 30 days, 4 delinquencies of 60 days, and 2 delinquencies of 90 days or more in the past 12 months.

**Mortgage History:** No more than 1 delinquency of 60 days in the past 12 months. Delinquencies of 30 days are not restricted.

**Bankruptcy:** At least 18 months since discharge or dismissal of Chapter 7 or 11 Bankruptcy and 18 months since filing or dismissal of Chapter 13 Bankruptcy.

**Foreclosure/Notice of Default:** At least 2 years since foreclosure/notice of default released.

Credit Grade Category: "C"

**Loan-To-Value Ratio:** Maximum of 80%

**Debt-To-Income Ratio:** Maximum of 50%

**Loan Amount:** Maximum of \$450,000.

**Consumer Credit History:** The minimum Credit Bureau Risk Score is 500 for loan amounts up to \$400,000, or 520 for loan amounts up to \$450,000. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower's consumer credit history through alternative means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 8 delinquencies of 60 days, and 4 delinquencies of 90 days or more in the past 12 months.

**Mortgage History:** No more than 1 delinquency of 90 days during the past 12 months. Delinquencies of 30 days and 60 days are not restricted.

**Bankruptcy:** At least 1 year since discharge or dismissal of Chapter 7 or 11 Bankruptcy and 1 year since filing or dismissal of Chapter 13 Bankruptcy.

**Foreclosure/Notice of Default:** At least 1 year since foreclosure/notice of default released.

Credit Grade Category: "C-"

**Loan-To-Value Ratio:** Maximum of 70%

**Debt-To-Income Ratio:** Maximum of 50%

**Loan Amount:** Maximum of \$350,000.

**Consumer Credit History:** The minimum Credit Bureau Risk Score is 500. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower's consumer credit history through alternative means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 12 delinquencies of 60 days, and 8 delinquencies of 90 days or more in the past 12 months.

**Mortgage History:** No more than 2 delinquencies of 90 days during the past 12 months. Delinquencies of 30 days and 60 days are not restricted.

**Bankruptcy:** Chapter 13 Bankruptcy must be discharged/dismissed, or paid-off through escrow at funding. Chapter 7 Bankruptcy must be discharged/dismissed at least 1 day prior to funding.  
**Foreclosure/Notice of Default:** None at time of funding.

Credit Grade Category: "D"

**Loan-To-Value Ratio:** Maximum of 65%

**Debt-To-Income Ratio:** Maximum of 45%

**Loan Amount:** Maximum of \$250,000

**Consumer Credit History:** The minimum Credit Bureau Risk Score is 500. If no Credit Bureau Risk Score is available, Countrywide Home Loans evaluates the borrower's consumer credit history through alternative means in accordance with its underwriting criteria for credit blemished mortgage loans. If the Credit Bureau Risk Score is inaccurate, as evidenced by objective criteria provided to Countrywide Home Loans by independent third parties, then no more than 12 delinquencies of 60 days, and 8 delinquencies of 90 days or more in the past 12 months.

**Mortgage History:** Open Notice of default must be cured at time of funding.

**Bankruptcy:** Chapter 13 Bankruptcy must be discharged/dismissed, or paid-off through escrow at funding. Chapter 7 Bankruptcy must be discharged or dismissed at least 1 day prior to funding.

**Foreclosure/Notice of Default:** Notice of default is acceptable but must be cured at time of funding.

The loan-to-value ratios, debt-to-income ratios, and loan amounts stated above are maximum levels for a given credit grade category. There are additional restrictions on loan-to-value ratios, debt-to-income ratios, and loan amounts depending on, but not limited to, the occupancy status of the mortgaged property, the type of mortgaged property, and the documentation program.

The "**Credit Bureau Risk Score**" is a statistical credit score obtained by Countrywide Home Loans in connection with the loan application to help assess a borrower's creditworthiness. Credit Bureau Risk Scores are generated by models developed by a third party and are made available to mortgage lenders through three national credit bureaus. The models were derived by analyzing data on consumers in order to establish patterns which are believed to be indicative of the borrower's probability of default. The Credit Bureau Risk Scores are based on a borrower's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of client history, types of credit, and bankruptcy experience. Credit Bureau Risk Scores range from approximately 250 to approximately 900, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a Credit Bureau Risk Score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, i.e., that a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. In addition, it should be noted that Credit Bureau Risk Scores were developed to indicate a level of default probability over a two-year period which does not correspond to the life of a mortgage loan. Furthermore, Credit Bureau Risk Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general. Therefore, a Credit Bureau Risk Score does not take into consideration the effect of mortgage loan characteristics on the probability of repayment by the borrower. The Credit Bureau Risk Scores set forth in Annex A hereto were obtained either at the time of origination of the Mortgage Loan or more recently. The Credit Bureau Risk Score is used as an aid to, not a substitute for, the underwriter's judgment.

In determining a Credit Bureau Risk Score for a particular borrower, Countrywide Home Loans attempts to obtain Credit Bureau Risk Scores from each of the three national credit bureaus that produce such scores. Although different scores may be available from each of the three national credit bureaus for a particular borrower, Countrywide Home Loans will use only one score in its determination of whether to underwrite a mortgage loan, based on the following methodology: if scores are available from each of the three national credit bureaus, Countrywide Home Loans will disregard the highest and lowest scores, and use the remaining score; and if scores are available from only two of the three national credit bureau, Countrywide Home Loans will use the lower of the two scores. In the case of a mortgage loan with more than one applicant, Countrywide Home Loans will use the Credit Bureau Risk Score of the applicant contributing the highest percentage of the total qualifying income.

If only one score is available, or no score is available, Countrywide Home Loans will follow its Limited Credit guidelines. Under the Limited Credit guidelines, credit histories may be developed using rent verification from current and/or previous landlords, proof of payment to utilities such as telephone, or verification from other

sources of credit or services for which the applicant has (or had) a regular financial obligation. In general, applications with the aforementioned type of credit documentation are limited to A- risk and 80% loan-to-value ratio. For applicants with established mortgage payment history of at least 12 months and one credit score or no credit score, the mortgage payment history may be used in lieu of a credit score to determine a risk grade.

## SERVICING OF THE MORTGAGE LOANS

### General

Countrywide Home Loans Servicing LP (“**Countrywide Servicing**” or the “**Master Servicer**”) will act as Master Servicer and will service the Mortgage Loans in accordance with the terms set forth in the Pooling and Servicing Agreement. The Master Servicer may perform any of its obligations under the Pooling and Servicing Agreement through one or more subservicers. Notwithstanding any such subservicing arrangement, the Master Servicer will remain liable for its servicing duties and obligations under the Pooling and Servicing Agreement as if the Master Servicer alone were servicing the Mortgage Loans.

### The Master Servicer

The principal executive offices of Countrywide Servicing are located at 7105 Corporate Drive, Plano, Texas 75024. Countrywide Servicing is a Texas limited partnership directly owned by Countrywide GP, Inc. and Countrywide LP, Inc., each a Nevada corporation and a direct wholly owned subsidiary of Countrywide Home Loans. Countrywide GP, Inc. owns a 0.1% interest in Countrywide Servicing and is the general partner. Countrywide LP, Inc. owns a 99.9% interest in Countrywide Servicing and is a limited partner.

Countrywide Home Loans established Countrywide Servicing in February 2000 to service mortgage loans originated by Countrywide Home Loans that would otherwise have been serviced by Countrywide Home Loans. In January and February, 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to mortgage loans serviced on behalf of Freddie Mac and Fannie Mae, respectively. In October 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to the bulk of its non-agency loan servicing portfolio (other than the servicing of home equity lines of credit), including with respect to those mortgage loans (other than home equity lines of credit) formerly serviced by Countrywide Home Loans and securitized by the Depositor. While Countrywide Home Loans expects to continue to directly service a portion of its loan portfolio, it is expected that the servicing rights for most newly originated Countrywide Home Loans mortgage loans will be transferred to Countrywide Servicing upon sale or securitization of the related mortgage loans. Countrywide Servicing is engaged in the business of servicing mortgage loans and will not originate or acquire loans, an activity that will continue to be performed by Countrywide Home Loans. In addition to acquiring mortgage servicing rights from Countrywide Home Loans, it is expected that Countrywide Servicing will service mortgage loans for non-Countrywide Home Loans affiliated parties as well as subservice mortgage loans on behalf of other master servicers.

In connection with the establishment of Countrywide Servicing, certain employees of Countrywide Home Loans became employees of Countrywide Servicing. Countrywide Servicing has engaged Countrywide Home Loans as a subservicer to perform certain loan servicing activities on its behalf.

Countrywide Servicing is an approved mortgage loan servicer for Fannie Mae, Freddie Mac, Ginnie Mae, HUD and VA and is licensed to service mortgage loans in each state where a license is required. Its loan servicing activities are guaranteed by Countrywide Financial and/or Countrywide Home Loans when required by the owner of the mortgage loans. As of September 30, 2004, Countrywide Servicing had a net worth of approximately \$11.46 billion.

### Countrywide Home Loans

Countrywide Home Loans is a direct wholly owned subsidiary of Countrywide Financial Corporation, a Delaware corporation (“**Countrywide Financial**”). The principal executive offices of Countrywide Home Loans are located at 4500 Park Granada, Calabasas, California 91302. Countrywide Home Loans is engaged primarily in the

mortgage banking business, and as such, originates, purchases, sells and services mortgage loans. Countrywide Home Loans originates mortgage loans through a retail branch system and through mortgage loan brokers and correspondents nationwide. Mortgage loans originated by Countrywide Home Loans are principally first-lien, fixed or adjustable rate mortgage loans secured by single-family residences. Except as otherwise indicated, reference in the remainder of this information circular to “**Countrywide Home Loans**” should be read to include Countrywide Home Loans and its consolidated subsidiaries, including Countrywide Servicing.

Countrywide Home Loans services substantially all of the mortgage loans it originates or acquires. In addition, Countrywide Home Loans has purchased in bulk the rights to service mortgage loans originated by other lenders. Countrywide Home Loans has in the past and may in the future sell to other mortgage bankers a portion of its portfolio of loan servicing rights. As of September 30, 2004, Countrywide Home Loans provided servicing for mortgage loans with an aggregate principal balance of approximately \$785.992 billion, substantially all of which are being serviced for unaffiliated persons. As of September 30, 2004, Countrywide Home Loans provided servicing for approximately \$70.92 billion in credit blemished mortgage loans.

### **Loan Servicing**

The Master Servicer has established standard policies for the servicing and collection of mortgages. Servicing includes, but is not limited to:

- (a) collecting, aggregating and remitting mortgage loan payments;
- (b) accounting for principal and interest;
- (c) holding escrow (impound) funds for payment of taxes and insurance;
- (d) making inspections as required of the mortgaged properties;
- (e) preparation of tax related information in connection with the mortgage loans;
- (f) supervision of delinquent mortgage loans;
- (g) loss mitigation efforts;
- (h) foreclosure proceedings and, if applicable, the disposition of mortgaged properties; and
- (i) generally administering the mortgage loans, for which it receives servicing fees.

Billing statements with respect to mortgage loans are mailed monthly by the Master Servicer. The statement details all debits and credits and specifies the payment due. Notice of changes in the applicable loan rate are provided by the Master Servicer to the mortgagor with such statements.

### **Collection Procedures**

*Credit Blemished Mortgage Loans.* When a mortgagor fails to make a payment on a credit blemished mortgage loan, the Master Servicer attempts to cause the deficiency to be cured by corresponding with the mortgagor. In most cases, deficiencies are cured promptly. Pursuant to the Master Servicer’s servicing procedures for credit blemished loans, the Master Servicer generally mails to the mortgagor a notice of intent to foreclose after the loan becomes 31 days past due (two payments due but not received) and, generally within 59 days thereafter, if the loan remains delinquent, institutes appropriate legal action to foreclose on the mortgaged property. Foreclosure proceedings may be terminated if the delinquency is cured. Mortgage loans to borrowers in bankruptcy proceedings may be restructured in accordance with law and with a view to maximizing recovery of such loans, including any deficiencies.

Once foreclosure is initiated by the Master Servicer, a foreclosure tracking system is used to monitor the progress of the proceedings. The system includes state specific parameters to monitor whether proceedings are progressing within the time frame typical for the state in which the mortgaged property is located. During the foreclosure proceeding, the Master Servicer determines the amount of the foreclosure bid and whether to liquidate the mortgage loan.

If foreclosed, the mortgaged property is sold at a public or private sale and may be purchased by Countrywide Home Loans. After foreclosure, the Master Servicer may liquidate the mortgaged property and charge-off the loan balance which was not recovered through liquidation proceeds.

Servicing and charge-off policies and collection practices with respect to credit blemished mortgage loans may change over time in accordance with, among other things, the Master Servicer's business judgment, changes in the servicing portfolio and applicable laws and regulations.

### **Foreclosure and Delinquency Experience**

*Credit Blemished Mortgage Loans.* The following table summarizes the delinquency and foreclosure experience, respectively, on the dates indicated, of credit blemished mortgage loans originated and serviced by Countrywide Home Loans. A credit blemished mortgage loan is characterized as delinquent if the borrower has not paid the monthly payment due within one month of the related due date. The delinquency and foreclosure percentages may be affected by the size and relative lack of seasoning of the servicing portfolio because many of such loans were not outstanding long enough to give rise to some or all of the periods of delinquency indicated in the chart below. Accordingly, the information should not be considered as a basis for assessing the likelihood, amount, or severity of delinquency or losses on the Mortgage Loans, and no assurances can be given that the delinquency or foreclosure experience presented in the table below will be indicative of such experience on such Mortgage Loans. The sum of the columns below may not equal the total indicated due to rounding.

For purposes of the following table:

- the period of delinquency is based on the number of days payments are contractually past due;
- certain total percentages and dollar amounts may not equal the sum of the percentages and dollar amounts indicated in the columns due to differences in rounding;
- the “**Foreclosure Rate**” is the dollar amount of mortgage loans in foreclosure as a percentage of the total principal balance of mortgage loans outstanding as of the date indicated; and
- the “**Bankruptcy Rate**” is the dollar amount of mortgage loans for which the related borrower has declared bankruptcy as a percentage of the total principal balance of mortgage loans outstanding as of the date indicated.

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<b>Delinquency and Foreclosure Experience</b>				
	<b>As of December 31, 2001</b>		<b>As of December 31, 2002</b>	
	<b>Principal Balance</b>	<b>Percentage</b>	<b>Principal Balance</b>	<b>Percentage</b>
Total Portfolio	\$9,081,242,926.99	100.00%	\$10,499,524,957.75	100.00%
Delinquency Percentage				
30-59 Days	\$806,843,594.55	8.88%	\$776,262,182.66	7.39%
60-89 Days	255,443,513.99	2.81	272,447,833.46	2.59
90+ Days	103,605,791.49	1.14	112,192,108.56	1.07
Sub-Total	\$1,165,892,900.03	12.84%	\$1,160,902,124.68	11.06%
Foreclosure Rate	\$356,652,093.38	3.93%	\$277,872,737.06	2.65%
Bankruptcy Rate	\$232,679,880.26	2.56%	\$293,013,840.50	2.79%

<b>Delinquency and Foreclosure Experience</b>				
	<b>As of December 31, 2003</b>		<b>As of September 30, 2004</b>	
	<b>Principal Balance</b>	<b>Percentage</b>	<b>Principal Balance</b>	<b>Percentage</b>
Total Portfolio	\$20,666,799,653.23	100.00%	\$40,212,778,798.96	100.00%
Delinquency Percentage				
30-59 Days	\$1,237,075,952.99	5.99%	\$2,249,305,452.62	5.59%
60-89 Days	369,166,558.52	1.79	695,911,786.85	1.73
90+ Days	101,415,871.40	0.49	238,615,361.12	0.59
Sub-Total	\$1,707,658,382.91	8.26%	\$3,183,832,600.59	7.92%
Foreclosure Rate	\$322,166,334.41	1.56%	\$473,634,378.89	1.18%
Bankruptcy Rate	\$305,504,468.46	1.48%	\$412,090,615.40	1.02%

Historically, a variety of factors, including the appreciation of real estate values, have limited the loss and delinquency experience on credit blemished mortgage loans. There can be no assurance that factors beyond the control of Countrywide Home Loans, such as national or local economic conditions or a downturn in the real estate markets of its lending areas, will not result in increased rates of delinquencies and foreclosure losses in the future.

#### **Servicing Compensation and Payment of Expenses**

The Master Servicer will be paid a monthly fee from interest collected with respect to each Mortgage Loan (as well as from any liquidation proceeds from a liquidated mortgage loan that are applied to accrued and unpaid interest or Subsequent Recoveries) equal to one-twelfth of the Stated Principal Balance thereof multiplied by the Servicing Fee Rate (such product, the “**Servicing Fee**”). The “**Servicing Fee Rate**” for each Mortgage Loan will equal 0.50% per annum. The amount of the monthly Servicing Fee is subject to adjustment with respect to Mortgage Loans that are prepaid in full, as described in this information circular under “— *Adjustment to Servicing Fee in Connection with Certain Prepaid Mortgage Loans.*” The Master Servicer is also entitled to receive, as additional servicing compensation, amounts in respect of interest paid on Principal Prepayments received during that portion of a Prepayment Period from the related Due Date to the end of such Prepayment Period (“**Prepayment Interest Excess**”), all late payment fees, assumption fees and other similar charges (excluding prepayment charges) and all investment income earned on amounts on deposit in the Certificate Account and Distribution Account. The Master Servicer is obligated to pay certain ongoing expenses associated with the Mortgage Loans and incurred by the Trustee and Co-Trustee in connection with their respective responsibilities under the Pooling and Servicing Agreement.

#### **Adjustment to Servicing Fee in Connection With Certain Prepaid Mortgage Loans**

When a borrower prepays all or a portion of a Mortgage Loan between scheduled monthly payment dates (“**Due Dates**”), the borrower pays interest on the amount prepaid only to the date of prepayment. Principal Prepayments which are received during that portion of the Prepayment Period from the related Due Date in such Prepayment Period to the end of such Prepayment Period reduce the Scheduled Payment of interest for the following Due Date but are included in a distribution that occurs on or prior to the distribution of such Scheduled Payment,

and accordingly no shortfall in interest otherwise distributable to holders of the Certificates results. Conversely, Principal Prepayments received from that portion of the Prepayment Period from the beginning of such Prepayment Period to related Due Date in such Prepayment Period reduce the Scheduled Payment of interest for such Due Date and are included in a distribution that occurs on or after the distribution of such Scheduled Payment, and accordingly an interest shortfall (a “**Prepayment Interest Shortfall**”) could result. In order to mitigate the effect of any such shortfall in interest distributions to holders of the Certificates on any Distribution Date, one-half of the amount of the Servicing Fee otherwise payable to the Master Servicer for such month will, to the extent of such shortfall, be deposited by the Master Servicer in the Certificate Account for distribution to holders of the Certificates entitled thereto on such Distribution Date. Any such deposit by the Master Servicer (the “**Compensating Interest**”) will be reflected in the distributions to holders of the Certificates entitled thereto made on the Distribution Date on which the Principal Prepayments received would be distributed. Any shortfall in interest distributions to the Class 1-AV-1 Certificateholders resulting from Prepayment Interest Shortfalls will not be covered by the Class 1-AV-1 Policy. Additionally, the Guaranty will not cover any Prepayment Interest Shortfalls in excess of any Unpaid Compensating Interest.

## **Advances**

Subject to the following limitations, on the Business Day prior to each Distribution Date, the Master Servicer will be required to advance its own funds, or funds in the Certificate Account that are not required to be distributed on such Distribution Date, in an amount equal to the aggregate of payments of principal and interest on the Mortgage Loans (with the Mortgage Rate adjusted to a rate equal to the Mortgage Rate minus the Servicing Fee Rate (as so adjusted, the “**Net Mortgage Rate**”)) that were due on the related Due Date and delinquent on the related Determination Date, together with an amount equivalent to interest (adjusted to the Net Mortgage Rate) deemed due on each Mortgage Loan as to which the related Mortgaged Property has been acquired by the Master Servicer through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan (“**REO Property**”), such latter amount to be calculated after taking into account any rental income from such Mortgaged Property (any such advance, an “**Advance**” and the date of any such Advance, as described in this information circular, a “**Master Servicer Advance Date**”).

Advances are intended to maintain a regular flow of scheduled interest and principal payments on the Certificates rather than to guarantee or insure against losses. The Master Servicer is obligated to make Advances to the extent that such Advances are, in its judgment, reasonably recoverable from future payments and collections or insurance payments or proceeds of liquidation of the related Mortgage Loan. If the Master Servicer determines on any Determination Date to make an Advance, such Advance will be included with the distribution to holders of the Certificates on the related Distribution Date. Any failure by the Master Servicer to make an Advance as required under the Pooling and Servicing Agreement will constitute an event of default thereunder, in which case the Trustee, as successor master servicer, or such other entity as may be appointed as successor master servicer, will be obligated to make any such Advance in accordance with the terms of the Pooling and Servicing Agreement.

## **DESCRIPTION OF THE CERTIFICATES**

### **General**

The Class 1-AV-1 Certificates will be issued pursuant to the Pooling and Servicing Agreement. Set forth below are summaries of the material terms and provisions pursuant to which the Class 1-AV-1 Certificates will be issued. The following summaries are subject to, and are qualified in their entirety by reference to, the provisions of the Pooling and Servicing Agreement. When particular provisions or terms used in the Pooling and Servicing Agreement are referred to, the actual provisions (including definitions of terms) are incorporated by reference.

The CWABS, Inc., Asset-Backed Certificates, Series 2004-15 (the “**Certificates**”) will consist of:

- Class AF-1, Class AF-2, Class AF-3, Class AF-4, Class AF-5 and Class AF-6 Certificates (collectively, the “**Class AF Certificates**”),



- Class MF-1, Class MF-2, Class MF-3, Class MF-4, Class MF-5, Class MF-6, Class MF-7, Class MF-8 and Class BF Certificates (collectively, the “***Fixed Rate Subordinate Certificates***”),
- Class 1-AV-1 Certificates,
- Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates (collectively, the “***Class 2-AV Certificates***” and together with the Class 1-AV-1, Class AF and Class A-R Certificates, the “***Senior Certificates***”),
- Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates (collectively, the “***Adjustable Rate Subordinate Certificates***” and together with the Fixed Rate Subordinate Certificates, the “***Subordinate Certificates***”),
- Class A-R Certificates,
- Class PF and Class PV Certificates, and
- Class CF and Class CV Certificates.

The Class 1-AV-1 and the Class 2-AV Certificates are collectively referred to as the “***Class AV Certificates***.”

**Only the Class 1-AV-1 Certificates are being offered by this information circular.** As used in this information circular, the “***Certificate Principal Balance***” for any class of Certificates (other than the Class CF and Class CV Certificates) is the aggregate outstanding principal balance of all Certificates of such class, reduced by all amounts previously distributed to holders of Certificates of such class as scheduled and unscheduled payments of principal, including in the case of the Class 1-AV-1 Certificates, any payments of principal under the Class 1-AV-1 Policy and the Guaranty, and in the case of a class of Subordinate Certificates the Applied Realized Loss Amounts allocated to such class; provided, however, that if Applied Realized Loss Amounts have been allocated to the Certificate Principal Balance of any class of Subordinate Certificates, then the Certificate Principal Balance thereof will be increased on each Distribution Date after such allocation of Applied Realized Loss Amounts, sequentially by class in the order of payment priority, by the amount of Subsequent Recoveries for the related Loan Group or Loan Groups, collected during the related Due Period (if any) (but not by more than the amount of the Unpaid Realized Loss Amount for that class). After such allocation, a corresponding decrease will be made on such Distribution Date to the Unpaid Realized Loss Amount for any class that had its Certificate Principal Balance increased by such allocation of Subsequent Recoveries. Although Subsequent Recoveries, if any, will be allocated to increase the Certificate Principal Balance of a class of Subordinate Certificates as described above, such Subsequent Recoveries will be included in the applicable Principal Remittance Amount and will be distributed in the priority set forth below under “— *Distributions — Distributions of Principal*,” and therefore such Subsequent Recoveries may not be used to make any principal payments on the class or classes of Certificates for which the Certificate Principal Balances have been increased by allocation of Subsequent Recoveries as described above. Additionally, holders of such Certificates will not be entitled to any payment in respect of interest that would have accrued on the amount of the increase in Certificate Principal Balance for any Accrual Period preceding the Distribution Date on which such increase occurs.

Generally, distributions of principal and interest on the Class AF Certificates and the Fixed Rate Subordinate Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 1, distributions of principal and interest on the Class 1-AV-1 Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2, distributions of principal and interest on the Class 2-AV Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 3, and distributions of principal and interest on the Adjustable Rate Subordinate Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2 and Loan Group 3. Distributions on the Class PF and Class CF Certificates, to the extent provided in the Pooling and Servicing Agreement, will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 1. Distributions on the Class PV and Class CV Certificates, to the extent provided in the Pooling and Servicing Agreement, will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2 and Loan Group 3.

## Deposits to the Certificate Account

The Master Servicer will establish and initially maintain a certificate account (the “**Certificate Account**”) for the benefit of the Trustee on behalf of the Certificateholders. On a daily basis within two Business Days after receipt, the Master Servicer will deposit or cause to be deposited into the Certificate Account the following payments and collections received or made or to be applied by it on or subsequent to the Cut-off Date, including all principal and interest received with respect to the Mortgage Loans after the Cut-off Date (exclusive of any scheduled principal due on or prior to the Cut-off Date and any interest accruing prior to the Cut-off Date):

- (1) all payments on account of principal, including Principal Prepayments, on the Mortgage Loans,
- (2) all payments on account of interest (other than interest accruing on the Mortgage Loans prior to the Cut-off Date) on the Mortgage Loans, net of the related Servicing Fees on the Mortgage Loans and net of Prepayment Interest Excess,
- (3) all Insurance Proceeds, Liquidation Proceeds and Subsequent Recoveries (each as defined below),
- (4) all payments made by the Master Servicer in respect of Compensating Interest,
- (5) all payments made by a Seller in connection with the repurchase of any Mortgage Loan due to the breach of certain representations, warranties or covenants by such Seller that obligates such Seller to repurchase such Mortgage Loan in accordance with the Pooling and Servicing Agreement,
- (6) all payments made by the Master Servicer in connection with the purchase of any Mortgage Loans which are 150 days delinquent in accordance with the Pooling and Servicing Agreement,
- (7) all payments made by the Guarantor in connection with the purchase of any Mortgage Loans in Loan Group 2 that are 90 days delinquent in accordance with the Pooling and Servicing Agreement,
- (8) all prepayment charges paid by a mortgagor in connection with the full or partial prepayment of the related Mortgage Loan,
- (9) any amount required to be deposited by the Master Servicer in connection with any losses on investment of funds in the Certificate Account,
- (10) any amounts required to be deposited by the Master Servicer with respect to any deductible clause in any blanket hazard insurance policy maintained by the Master Servicer in lieu of requiring each mortgagor to maintain a primary hazard insurance policy,
- (11) all amounts required to be deposited in connection with shortfalls in the principal amount of Replacement Mortgage Loans, and
- (12) all Advances.

“**Insurance Proceeds**” means all proceeds of any insurance policy received prior to a Final Recovery Determination (to the extent such proceeds are not applied to the restoration of the property or released to the mortgagor in accordance with the Master Servicer’s normal servicing procedures), other than proceeds that represent reimbursement of the Master Servicer’s costs and expenses incurred in connection with presenting claims under the related insurance policy.

“**Liquidation Proceeds**” means any Insurance Proceeds and all other net proceeds received prior to a Final Recovery Determination in connection with the partial or complete liquidation of a Mortgage Loan (whether through

trustee's sale, foreclosure sale or otherwise) or in connection with any condemnation or partial release of the related Mortgaged Property, together with the net proceeds received prior to a Final Recovery Determination with respect to any Mortgaged Property acquired by the Master Servicer by foreclosure or deed in lieu of foreclosure in connection with a defaulted Mortgage Loan (other than the amount of such net proceeds representing any profit realized by the Master Servicer in connection with the disposition of any such properties and net of reimbursable expenses).

**"Final Recovery Determination"** means a determination by the Master Servicer that it has received all proceeds it expects to receive with respect to the liquidation of a Mortgage Loan.

**"Subsequent Recoveries"** means, with respect to any Mortgage Loan in respect of which a Realized Loss was incurred, any proceeds of the type described in the definitions of "Insurance Proceeds" and "Liquidation Proceeds" received in respect of such Mortgage Loan after a Final Recovery Determination (other than the amount of such net proceeds representing any profit realized by the Master Servicer in connection with the disposition of any such properties and net of reimbursable expenses).

On the Business Day prior to the Master Servicer Advance Date in each of January, February and March 2005, Countrywide Home Loans shall remit to the Master Servicer, and the Master Servicer shall deposit in the Certificate Account, the Seller Shortfall Interest Requirement (if any) for such Master Servicer Advance Date.

#### **Withdrawals from the Certificate Account**

The Master Servicer may from time to time withdraw funds from the Certificate Account prior to the related Distribution Account Deposit Date for the following purposes:

- (1) to pay to the Master Servicer the Servicing Fees on the Mortgage Loans to the extent not previously paid to or withheld by the Master Servicer (subject, in the case of Servicing Fees, to reduction as described above under *"Servicing of the Mortgage Loans — Adjustment to Servicing Fee in Connection with Prepaid Mortgage Loans"*) and, as additional servicing compensation, assumption fees, late payment charges (excluding prepayment charges), net earnings on or investment income with respect to funds in or credited to the Certificate Account and the amount of Prepayment Interest Excess for the related Prepayment Period,
- (2) to reimburse the Master Servicer for Advances, such right of reimbursement with respect to any Mortgage Loan pursuant to this clause (2) being limited to amounts received that represent late recoveries of payments of principal and/or interest on the related Mortgage Loan (or Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries with respect thereto) with respect to which such Advance was made,
- (3) to reimburse the Master Servicer for any Advances previously made that the Master Servicer has determined to be nonrecoverable,
- (4) to reimburse the Master Servicer from Insurance Proceeds for expenses incurred by the Master Servicer and covered by the related insurance policy,
- (5) to pay to the Master Servicer any unpaid Servicing Fees and to reimburse it for any unreimbursed ordinary and necessary out-of-pocket costs and expenses incurred by the Master Servicer in the performance of its master servicing obligations, such right of reimbursement pursuant to this clause (5) being limited to amounts received representing late recoveries of the payments of such costs and expenses (or Liquidation Proceeds or Subsequent Recoveries, purchase proceeds or repurchase proceeds with respect thereto),
- (6) to pay to the applicable Seller, the Guarantor or the Master Servicer, as applicable, with respect to each Mortgage Loan or Mortgaged Property acquired in respect thereof that has been purchased by that Seller, the Guarantor or the Master Servicer from the Trust Fund pursuant to the Pooling and

Servicing Agreement, all amounts received thereon and not taken into account in determining the related Stated Principal Balance of such purchased Mortgage Loan,

(7) to reimburse the applicable Seller, the Master Servicer, the NIM Insurer, the Guarantor or the Depositor for fees and expenses incurred and reimbursable pursuant to the Pooling and Servicing Agreement,

(8) to withdraw any amount deposited in the Certificate Account and not required to be deposited therein, and

(9) to clear and terminate the Certificate Account upon termination of the Pooling and Servicing Agreement.

In addition, not later than 1:00 p.m. Pacific Time on the Business Day immediately preceding each Distribution Date (the “**Distribution Account Deposit Date**”), the Master Servicer will withdraw from the Certificate Account and remit to the Trustee the amount of the Interest Remittance Amount and the Principal Remittance Amount to the extent on deposit in the Certificate Account, and the Trustee will deposit such amount in the Distribution Account, as described below.

The “**Interest Remittance Amount**” with respect to each Loan Group and Distribution Date is equal to:

(a) the sum, without duplication, of:

(1) all scheduled interest collected during the related Due Period (other than Credit Comeback Excess Amounts (if any)), less the related Servicing Fees,

(2) all interest on prepayments, other than Prepayment Interest Excess,

(3) all Advances relating to interest,

(4) all Compensating Interest,

(5) all Liquidation Proceeds collected during the related Due Period (to the extent such Liquidation Proceeds relate to interest), and

(6) any Seller Shortfall Interest Requirement,

(b) less, all non-recoverable Advances relating to interest and certain expenses reimbursed during the related Due Period,

in each case with respect to the Mortgage Loans in such Loan Group.

A “**Seller Shortfall Interest Requirement**” with respect to the Master Servicer Advance Date in each of January, February and March 2005 is the sum of:

(a) the product of: (1) the excess of the aggregate Stated Principal Balance for such Distribution Date of the Mortgage Loans (including the Subsequent Mortgage Loans, if any) owned by the Trust Fund at the beginning of the related Due Period, over the aggregate Stated Principal Balance for such Distribution Date of such Mortgage Loans (including such Subsequent Mortgage Loans, if any) that have a scheduled payment of interest due in the related Due Period, and (2) a fraction, the numerator of which is the weighted average Net Mortgage Rate of such Mortgage Loans (including such Subsequent Mortgage Loans, if any) (weighted on the basis of the Stated Principal Balances thereof for such Distribution Date) and the denominator of which is 12; and

(b) the lesser of:

(i) the product of: (1) the amount on deposit in the Pre-Funding Account at the beginning of the related Due Period, and (2) a fraction, the numerator of which is the weighted average Net Mortgage Rate of the Mortgage Loans (including Subsequent Mortgage Loans, if any) owned by the Trust Fund at the beginning of the related Due Period (weighted on the basis of the Stated Principal Balances thereof for such Distribution Date) and the denominator of which is 12; and

(ii) the excess of (x) the amount of Current Interest and Interest Carry Forward Amount due and payable on the Class AF and AV Certificates and the Fixed Rate and Adjustable Rate Subordinate Certificates over (y) Interest Funds available to pay Current Interest and the Interest Carry Forward Amount on the Class AF and AV Certificates and the Fixed Rate and Adjustable Rate Subordinate Certificates for such Distribution Date (after giving effect to the addition of any amounts in clause (a) of this definition of Seller Shortfall Interest Requirement to Interest Funds for such Distribution Date).

The “**Principal Remittance Amount**” with respect to each Loan Group and Distribution Date is equal to:

(a) the sum, without duplication, of:

(1) the scheduled principal collected during the related Due Period or advanced on or before the related Master Servicer Advance Date,

(2) prepayments collected in the related Prepayment Period,

(3) the Stated Principal Balance of each Mortgage Loan that was repurchased by a Seller or purchased by the Guarantor or the Master Servicer,

(4) the amount, if any, by which the aggregate unpaid principal balance of any Replacement Mortgage Loans delivered by Countrywide Home Loans in connection with a substitution of a Mortgage Loan is less than the aggregate unpaid principal balance of any Deleted Mortgage Loans, and

(5) all Liquidation Proceeds (to the extent such Liquidation Proceeds relate to principal) and Subsequent Recoveries collected during the related Due Period,

(b) less, all non-recoverable Advances relating to principal and certain expenses reimbursed during the related Due Period,

in each case with respect to the Mortgage Loans in such Loan Group.

A “**Due Period**” with respect to any Distribution Date is the period beginning on the second day of the calendar month preceding the calendar month in which such Distribution Date occurs and ending on the first day of the month in which such Distribution Date occurs.

### **Deposits to the Distribution Account**

The Trustee will establish and maintain a distribution account (the “**Distribution Account**”) on behalf of the Certificateholders. The Trustee will, promptly upon receipt, deposit in the Distribution Account and retain therein:

(1) the aggregate amount remitted by the Master Servicer to the Trustee,

(2) any amount required to be deposited by the Master Servicer in connection with any losses on investment of funds in the Distribution Account, and

(3) the amount, if any, remaining in the Pre-Funding Account (net of any investment income therefrom) on the Distribution Date immediately following the end of the Funding Period.

### **Withdrawals from the Distribution Account**

The Trustee will withdraw funds from the Distribution Account for distribution to the Certificateholders and payment to the Guarantor and the Class 1-AV-1 Insurer as described below under “— *Distributions*” and may from time to time make withdrawals from the Distribution Account:

- (1) to pay the trustee fee (the “***Trustee Fee***”) to the Trustee,
- (2) to pay to the Master Servicer, as additional servicing compensation, earnings on or investment income with respect to funds in or credited to the Distribution Account,
- (3) to withdraw any amount deposited in the Distribution Account and not required to be deposited therein, and
- (4) to clear and terminate the Distribution Account upon the termination of the Pooling and Servicing Agreement.

### **Distributions**

*General.* Distributions on the Certificates will be made by the Trustee on each Distribution Date to the persons in whose names such Certificates are registered at the close of business on the Record Date. The “***Record Date***” is:

- the Business Day immediately preceding such Distribution Date in the case of the Adjustable Rate Certificates, unless such Certificates are no longer book-entry certificates, in which case the Record Date will be the last Business Day of the month preceding the month of such Distribution Date and
- the last Business Day of the month preceding the month of such Distribution Date in the case of the Fixed Rate Certificates and the Class A-R Certificates.

A “***Distribution Date***” is the 25th day of each month, or if such day is not a Business Day, on the first Business Day thereafter, commencing in January 2005.

A “***Business Day***” is any day other than:

- A Saturday or Sunday, or
- A day on which the Federal Reserve Bank of New York authorizes banking institutions in the Second Federal Reserve District to be closed.

On each Distribution Date, the Trustee will withdraw all prepayment charges in the Distribution Account and distribute them (i) in the case of prepayment charges from the Mortgage Loans in Loan Group 1, to the Class PF Certificates, and (ii) in the case of prepayment charges from the Mortgage Loans in Loan Group 2 and Loan Group 3, to the Class PV Certificates.

*Distributions of Interest.* On each Distribution Date, the interest distributable with respect to the interest-bearing certificates is the interest which has accrued on the Certificate Principal Balance thereof immediately prior to that Distribution Date at the then-applicable related Pass-Through Rate during the applicable Accrual Period. For any Distribution Date, the “***Accrual Period***” for the Adjustable Rate Certificates is the period from and including the

preceding Distribution Date (or from and including the Closing Date in the case of the first Distribution Date) to and including the day prior to the current Distribution Date, and for the Fixed Rate Certificates is the calendar month immediately preceding the month in which such Distribution Date occurs.

All calculations of interest on the Adjustable Rate Certificates will be made on the basis of a 360-day year and the actual number of days elapsed in the applicable Accrual Period. All calculations of interest on the Fixed Rate Certificates will be made on the basis of a 360-day year assumed to consist of twelve 30-day months.

*Distributions of Interest Funds For Loan Group 1.* On each Distribution Date, the Interest Funds for such Distribution Date for Loan Group 1 are required to be distributed in the following order of priority, until such Interest Funds have been fully distributed:

- (1) from the Interest Funds for Loan Group 1, concurrently to each class of Class AF Certificates, the Current Interest and Interest Carry Forward Amount for each such class and such Distribution Date, pro rata, based on their respective entitlements,
- (2) from the remaining Interest Funds for Loan Group 1, sequentially:
  - (a) to the Class MF-1 Certificates, the Current Interest for such class,
  - (b) to the Class MF-2 Certificates, the Current Interest for such class,
  - (c) to the Class MF-3 Certificates, the Current Interest for such class,
  - (d) to the Class MF-4 Certificates, the Current Interest for such class,
  - (e) to the Class MF-5 Certificates, the Current Interest for such class,
  - (f) to the Class MF-6 Certificates, the Current Interest for such class,
  - (g) to the Class MF-7 Certificates, the Current Interest for such class,
  - (h) to the Class MF-8 Certificates, the Current Interest for such class,
  - (i) to the Class BF Certificates, the Current Interest for such class, and
  - (j) any remainder as part of the Fixed Rate Loan Group Excess Cashflow as described under “— *Overcollateralization Provisions*” below.

*Distributions of Interest Funds for Loan Group 2 and Loan Group 3.* On each Distribution Date, the Interest Funds for such Distribution Date with respect to Loan Group 2 and Loan Group 3 are required to be distributed in the following order of priority, until such Interest Funds have been fully distributed:

- (1) concurrently:
  - (a) from Interest Funds for Loan Group 2, sequentially (i) to the Class 1-AV-1 Insurer, the premium payable with respect to the Class 1-AV-1 Policy for such Distribution Date, (ii) to the Guarantor, the amount of the Class 1-AV-1 Guaranty Fee for such Distribution Date, (iii) to the Class 1-AV-1 Certificates, the Current Interest for such class and Distribution Date, (iv) to the Guarantor, the Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor under the Guaranty other than any amounts used to cover Unpaid Compensating Interest, (v) to the Class 1-AV-1 Insurer, any Class 1-AV-1 Reimbursement Amount for such Distribution Date, (vi) to the Guarantor, the Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts

previously paid by the Guarantor to cover Unpaid Compensating Interest, and (vii) to the Class 1-AV-1 Certificates, the Interest Carry Forward Amount for such class and such Distribution Date,

(b) from Interest Funds for Loan Group 3, concurrently to each class of Class 2-AV Certificates, the Current Interest and Interest Carry Forward Amount for each such class and such Distribution Date, pro rata, based on their respective entitlements,

(2) from the remaining Interest Funds for Loan Group 2 and Loan Group 3, in the following order of priority:

(a) to the Class 1-AV-1 Insurer, any remaining premium payable with respect to the Class 1-AV-1 Policy for such Distribution Date not paid pursuant to clause (1)(a)(i) above,

(b) to the Guarantor, the amount of the Class 1-AV-1 Guaranty Fee not paid pursuant to clause (1)(a)(ii) above,

(c) to each class of Class AV Certificates, any remaining Current Interest not paid pursuant to clauses (1)(a)(iii) and (1)(b) above, pro rata, based on the Certificate Principal Balances thereof, to the extent needed to pay any Current Interest for each such class; provided that Interest Funds remaining after such allocation to pay any Current Interest based on the Certificate Principal Balances of the Certificates will be distributed to each class of Class AV Certificates with respect to which there remains any unpaid Current Interest (after the distribution based on Certificate Principal Balances), pro rata, based on the amount of such remaining unpaid Current Interest,

(d) to the Guarantor, the Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor under the Guaranty other than any amounts used to cover Unpaid Compensating Interest not paid pursuant to clause (1)(a)(iv) above,

(e) to the Class 1-AV-1 Insurer, any remaining Class 1-AV-1 Reimbursement Amount not paid pursuant to clause (1)(a)(v) above,

(f) to the Guarantor, the Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor to cover Unpaid Compensating Interest not paid pursuant to clause (1)(a)(vi) above, and

(g) to each class of Class AV Certificates, any remaining Interest Carry Forward Amount not paid pursuant to clauses (1)(a)(vii) and (1)(b) above, pro rata, based on the Certificate Principal Balances thereof, to the extent needed to pay any Interest Carry Forward Amount for each such class; provided that Interest Funds remaining after such allocation to pay any Interest Carry Forward Amount based on the Certificate Principal Balances of the Certificates will be distributed to each class of Class AV Certificates with respect to which there remains any unpaid Interest Carry Forward Amount (after the distribution based on Certificate Principal Balances), pro rata, based on the amount of such remaining unpaid Interest Carry Forward Amount,

(3) from the remaining Interest Funds for Loan Group 2 and Loan Group 3, sequentially:

(a) to the Class MV-1 Certificates, the Current Interest for such class,

(b) to the Class MV-2 Certificates, the Current Interest for such class,

(c) to the Class MV-3 Certificates, the Current Interest for such class,

(d) to the Class MV-4 Certificates, the Current Interest for such class,



- (e) to the Class MV-5 Certificates, the Current Interest for such class,
- (f) to the Class MV-6 Certificates, the Current Interest for such class,
- (g) to the Class MV-7 Certificates, the Current Interest for such class,
- (h) to the Class MV-8 Certificates, the Current Interest for such class,
- (i) to the Class BV Certificates, the Current Interest for such class, and
- (j) any remainder as part of the Adjustable Rate Loan Group Excess Cashflow as described under “— *Overcollateralization Provisions*” below.

*Distributions of Funds from the Corridor Contracts.* On each Distribution Date on or prior to the applicable Corridor Contract Termination Date, amounts received by the Trustee in respect of each Corridor Contract for such Distribution Date will be deposited in the Carryover Reserve Fund and then distributed to the Class AF-1 Certificates, Class 1-AV-1 Certificates, Class 2-AV Certificates or the Adjustable Rate Subordinate Certificates, as applicable, to pay any unpaid Net Rate Carryover as follows:

- (i) in the case of any such amounts received on the Class AF-1 Corridor Contract, to the Class AF-1 Certificates, to the extent needed to pay any Net Rate Carryover,
- (ii) in the case of any such amounts received on the Class 1-AV-1 Corridor Contract, to the Class 1-AV-1 Certificates, to the extent needed to pay any Net Rate Carryover,
- (iii) in the case of any such amounts received on the Class 2-AV Corridor Contract, concurrently to each class of Class 2-AV Certificates, pro rata, based on the Certificate Principal Balances thereof, to the extent needed to pay any Net Rate Carryover for each such class; and then, any amounts remaining after such allocation to pay Net Rate Carryover based on the Certificate Principal Balances of the Class 2-AV Certificates will be distributed to each class of Class 2-AV Certificates to the extent needed to pay any remaining unpaid Net Rate Carryover, pro rata, based on the amount of such remaining unpaid Net Rate Carryover, and
- (iv) in the case of any such amounts received on the Adjustable Rate Subordinate Corridor Contract, concurrently to each class of Adjustable Rate Subordinate Certificates, pro rata, based on the Certificate Principal Balances thereof, to the extent needed to pay any Net Rate Carryover for each such class; and then, any amounts remaining after such allocation to pay Net Rate Carryover based on the Certificate Principal Balances of the Adjustable Rate Subordinate Certificates will be distributed to each class of Adjustable Rate Subordinate Certificates to the extent needed to pay any remaining unpaid Net Rate Carryover, pro rata, based on the amount of such remaining unpaid Net Rate Carryover.

Any amounts remaining after the application of such amounts as described in each of clauses (i) through (iv) above received from each respective Corridor Contract will be distributed to (a) the holders of the Class CF Certificates, in the case of amounts received in respect of the Class AF-1 Corridor Contract and (b) the Class CV Certificates, in the case of amounts received in respect of the Class 1-AV-1 Corridor Contract, the Class 2-AV Corridor Contract and the Adjustable Rate Subordinate Corridor Contract and will not be available for the payment of any Net Rate Carryover on any class or classes of Certificates unless a Corridor Contract is subject to an early termination, in which case any early termination payment received in respect of such Corridor Contract will be deposited by the Trustee in the Carryover Reserve Fund to cover any Net Rate Carryover on the class or classes of Certificates specifically benefiting from such Corridor Contract until the applicable Corridor Contract Termination Date. See “— *Carryover Reserve Fund*” below.

The “**Interest Funds**” for any Loan Group and Distribution Date are equal to (1) the Interest Remittance Amount for that Loan Group and Distribution Date, less (2) the portion of the Trustee Fee allocable to that Loan Group for such Distribution Date.

“**Current Interest**,” with respect to each class of interest-bearing certificates and each Distribution Date, is the interest accrued at the applicable Pass-Through Rate for the applicable Accrual Period on the Certificate Principal Balance of such class immediately prior to such Distribution Date, plus any amount previously distributed with respect to interest for such class that is recovered as a voidable preference by a trustee in bankruptcy.

“**Interest Carry Forward Amount**,” with respect to each class of interest-bearing certificates and each Distribution Date, is the excess of:

- (a) Current Interest for such class with respect to prior Distribution Dates over
- (b) the amount actually distributed to such class with respect to interest on prior Distribution Dates.

The “**Pass-Through Rate**” with respect to each Accrual Period and the Adjustable Rate Certificates will be a per annum rate equal to the lesser of:

- (1) One-Month LIBOR for such Accrual Period (calculated as described below under “—*Calculation of One-Month LIBOR*”) plus the Pass-Through Margin for such class and Accrual Period, and
- (2) the applicable Net Rate Cap for the related Distribution Date.

The “**Pass-Through Rate**” with respect to each Accrual Period and the Fixed Rate Certificates will be a per annum rate equal to the lesser of:

- (1) the per annum fixed rate for such class and such Accrual Period set forth in the summary of this information circular under “*Description of the Certificates — General*” and
- (2) the applicable Net Rate Cap for the related Distribution Date.

The “**Adjusted Net Mortgage Rate**” with respect to each Mortgage Loan is equal to the Mortgage Rate less the related Expense Fee Rate.

The “**Expense Fee Rate**” with respect to each Mortgage Loan is equal to the sum of (i) the Servicing Fee Rate and (ii) the trustee fee rate as provided in the Pooling and Servicing Agreement.

The “**Net Rate Cap**” for each Distribution Date is equal to:

(i) with respect to each class of Class AF Certificates and each class of Fixed Rate Subordinate Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 1 for such Distribution Date, adjusted, in the case of the Class AF-1 Certificates only, to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year,

(ii) with respect to the Class 1-AV-1 Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 2 for such Distribution Date less the Class 1-AV-1 Guaranty Fee Rate and the Class 1-AV-1 Policy Premium Rate, adjusted to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year,

(iii) with respect to each class of Class 2-AV Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 3 for such Distribution Date, adjusted to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year, and

(iv) with respect to each class of Adjustable Rate Subordinate Certificates, the weighted average of (a) the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 2 for such Distribution Date (weighted by an amount equal to the positive difference (if any) of the sum of the aggregate Stated Principal Balance

of the Mortgage Loans in Loan Group 2 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 2 over the outstanding Certificate Principal Balance of the Class 1-AV-1 Certificates) and (b) the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 3 for such Distribution Date (weighted by an amount equal to the positive difference (if any) of the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 3 over the outstanding Certificate Principal Balance of the Class 2-AV Certificates), adjusted to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year.

“**Class 1-AV-1 Policy Premium Rate**” means, with respect to any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the product of 12 and the monthly premium for the Class 1-AV-1 Policy for such Distribution Date, and the denominator of which is equal to the Certificate Principal Balance of the Class 1-AV-1 Certificates immediately prior to such Distribution Date.

The “**Pass-Through Margin**” for each class of Adjustable Rate Certificates is as follows:

	(1)	(2)
Class AF-1 .....	0.200%	0.200%
Class 1-AV-1 .....	0.160%	0.320%
Class 2-AV-1 .....	0.150%	0.300%
Class 2-AV-2 .....	0.270%	0.540%
Class 2-AV-3 .....	0.370%	0.740%
Class MV-1 .....	0.510%	0.765%
Class MV-2 .....	0.540%	0.810%
Class MV-3 .....	0.580%	0.870%
Class MV-4 .....	0.850%	1.275%
Class MV-5 .....	0.900%	1.350%
Class MV-6 .....	1.050%	1.575%
Class MV-7 .....	1.600%	2.400%
Class MV-8 .....	1.700%	2.550%
Class BV .....	2.700%	4.050%

(1) For any Accrual Period relating to any Distribution Date occurring on or prior to the Optional Termination Date.

(2) For any Accrual Period relating to any Distribution Date occurring after the Optional Termination Date.

The “**Net Rate Carryover**” for a class of interest-bearing certificates on any Distribution Date is the excess of:

(1) the amount of interest that such class would have accrued for such Distribution Date had the Pass-Through Rate for that class and the related Accrual Period not been calculated based on the applicable Net Rate Cap, *over*

(2) the amount of interest such class accrued on such Distribution Date based on the applicable Net Rate Cap,

*plus* the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the then-applicable Pass-Through Rate, without giving effect to the applicable Net Rate Cap). Any Net Rate Carryover for the Class 1-AV-1 Certificates will not be covered by either of the Class 1-AV-1 Policy or the Guaranty.

**Distributions of Principal Distribution Amount for Loan Group 1.** On each Distribution Date, the Principal Distribution Amount for such Distribution Date for Loan Group 1 is required to be distributed as follows until such Principal Distribution Amount has been fully distributed (with the Principal Remittance Amount being applied first and the Extra Principal Distribution Amount being applied thereafter):

(1) For each Distribution Date prior to the Fixed Rate Stepdown Date or on which a Fixed Rate Trigger Event is in effect, from the Principal Distribution Amount for Loan Group 1, sequentially:

(A) to the Class AF Certificates, in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(B) to the Class MF-1 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(C) to the Class MF-2 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(D) to the Class MF-3 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(E) to the Class MF-4 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(F) to the Class MF-5 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(G) to the Class MF-6 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(H) to the Class MF-7 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(I) to the Class MF-8 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(J) to the Class BF Certificates, until the Certificate Principal Balance thereof is reduced to zero, and

(K) any remainder as part of the Fixed Rate Loan Group Excess Cashflow to be allocated as described under “— *Overcollateralization Provisions*” below.

(2) For each Distribution Date on or after the Fixed Rate Stepdown Date and so long as a Fixed Rate Trigger Event is not in effect from the Principal Distribution Amount for Loan Group 1, sequentially:

(A) in an amount up to the Class AF Principal Distribution Amount, to the Class AF Certificates in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(B) to the Class MF-1 Certificates, the Class MF-1 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(C) to the Class MF-2 Certificates, the Class MF-2 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(D) to the Class MF-3 Certificates, the Class MF-3 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(E) to the Class MF-4 Certificates, the Class MF-4 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(F) to the Class MF-5 Certificates, the Class MF-5 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(G) to the Class MF-6 Certificates, the Class MF-6 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(H) to the Class MF-7 Certificates, the Class MF-7 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(I) to the Class MF-8 Certificates, the Class MF-8 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(J) to the Class BF Certificates, the Class BF Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero, and

(K) any remainder as part of the Fixed Rate Loan Group Excess Cashflow to be allocated as described under “— *Overcollateralization Provisions*” below.

(3) On each Distribution Date on which any principal amounts are to be distributed to the Class AF Certificates, such amounts will be distributed to the Class AF Certificates in the following order of priority:

(A) the NAS Principal Distribution Amount to the Class AF-6 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(B) sequentially, to the Class AF-1, Class AF-2, Class AF-3, Class AF-4 and Class AF-5 Certificates, in that order, in each case until the Certificate Principal Balance thereof is reduced to zero, and

(C) to the Class AF-6 Certificates without regard to the NAS Principal Distribution Amount, until the Certificate Principal Balance thereof is reduced to zero.

Notwithstanding the foregoing order of priority, on any Distribution Date on which the aggregate Certificate Principal Balance of the Class AF Certificates is greater than the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 and any amount on deposit in the Pre-Funding Account in respect of Loan Group 1, any principal amounts to be distributed to the Class AF Certificates will be distributed pro rata, based on the Certificate Principal Balances thereof, in each case until the Certificate Principal Balance thereof is reduced to zero, and not as described above.

*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3.* On each Distribution Date, the Principal Distribution Amount for such Distribution Date for Loan Group 2 and Loan Group 3 is required to be distributed as follows until such Principal Distribution Amount has been fully distributed (with the Principal Remittance Amount being applied first and the Extra Principal Distribution Amount being applied thereafter):

(1) For each Distribution Date prior to the Adjustable Rate Stepdown Date or on which an Adjustable Rate Trigger Event is in effect, sequentially:

(A) concurrently:

(i) from the Principal Distribution Amount for Loan Group 2, sequentially:

(a) to the Class 1-AV-1 Insurer, any remaining premium payable with respect to the Class 1-AV-1 Policy, to the extent not previously paid as set forth in “— Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(b) to the Guarantor, the amount of any remaining Class 1-AV-1 Guaranty Fee, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(c) to the Class 1-AV-1 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(d) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor under the Guaranty, other than any amounts used to cover Unpaid Compensating Interest, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(e) to the Class 1-AV-1 Insurer, any remaining Class 1-AV-1 Reimbursement Amount, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(f) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor to cover Unpaid Compensating Interest, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above, and

(g) to each class of Class 2-AV Certificates (after the distribution of the Principal Distribution Amount from Loan Group 3 as provided in clause (1)(A)(ii)(a) below), in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(ii) from the Principal Distribution Amount for Loan Group 3, sequentially:

(a) to each class of Class 2-AV Certificates, in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero, and

(b) from any remaining Principal Distribution Amount for Loan Group 3, sequentially:

(1) to the Class 1-AV-1 Insurer any remaining premium payable with respect to the Class 1-AV-1 Policy for such Distribution Date to the extent not previously paid pursuant to clause (1)(A)(i)(a) above,

(2) to the Guarantor, the amount of any remaining Class 1-AV-1 Guaranty Fee, to the extent not previously paid pursuant to clause (1)(A)(i)(b) above,

(3) to the Class 1-AV-1 Certificates (after the distribution of the Principal Distribution Amount from Loan Group 2 as provided in clause (1)(A)(i)(c) above), until the Certificate Principal Balance thereof is reduced to zero, and

(4) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor under the Guaranty, other than amounts used to cover Unpaid Compensating Interest, to the extent not previously paid pursuant to clause (1)(A)(i)(d) above,

(5) to the Class 1-AV-1 Insurer any remaining Class 1-AV-1 Reimbursement Amount not previously paid pursuant to clause (1)(A)(i)(e) above, and

(6) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor to cover Unpaid Compensating Interest, to the extent not previously paid pursuant to clause (1)(A)(i)(f) above,

(B) from the remaining Principal Distribution Amounts for Loan Group 2 and Loan Group 3, sequentially:

(i) to the Class MV-1 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(ii) to the Class MV-2 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(iii) to the Class MV-3 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(iv) to the Class MV-4 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(v) to the Class MV-5 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(vi) to the Class MV-6 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(vii) to the Class MV-7 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(viii) to the Class MV-8 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(ix) to the Class BV Certificates, until the Certificate Principal Balance thereof is reduced to zero, and

(x) any remainder as part of the Adjustable Rate Loan Group Excess Cashflow to be allocated as described under “— *Overcollateralization Provisions*” below.

(2) For each Distribution Date on or after the Adjustable Rate Stepdown Date and so long as an Adjustable Rate Trigger Event is not in effect, sequentially:

(A) concurrently:

(i) from the Principal Distribution Amount for Loan Group 2, sequentially:

(a) to the Class 1-AV-1 Insurer, any remaining premium payable with respect to the Class 1-AV-1 Policy, to the extent not previously paid as set forth in “— Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(b) to the Guarantor, the amount of any remaining Class 1-AV-1 Guaranty Fee, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(c) to the Class 1-AV-1 Certificates, in an amount up to the lesser of the Class 1-AV-1 Principal Distribution Amount and the Class 1-AV-1 Principal Distribution Target Amount, until the Certificate Principal Balance thereof is reduced to zero,

(d) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor under the Guaranty other than any amounts used to cover Unpaid Compensating Interest, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(e) to the Class 1-AV-1 Insurer, any remaining Class 1-AV-1 Reimbursement Amount, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above,

(f) to the Guarantor, any remaining Class 1-AV-1 Guarantor Reimbursement Amount for such Distribution Date in respect of any amounts previously paid by the Guarantor to cover Unpaid Compensating Interest, to the extent not previously paid as set forth in “—Distributions of Interest Funds for Loan Group 2 and Loan Group 3” above, and

(g) to each class of Class 2-AV Certificates, in an amount up to the lesser of the Class 2-AV Principal Distribution Amount and the Class 2-AV Principal Distribution Target Amount (in each case, after the distribution of the Principal Distribution Amount from Loan Group 3 as provided in clause (2)(A)(ii)(a) below), in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(ii) from the Principal Distribution Amount for Loan Group 3, sequentially:

(a) to each class of Class 2-AV Certificates, in an amount up to the lesser of the Class 2-AV Principal Distribution Amount and the Class 2-AV Principal Distribution Target Amount, in the order and priorities set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero, and

(b) to the Class 1-AV-1 Certificates, in an amount up to the lesser of the Class 1-AV-1 Principal Distribution Amount and the Class 1-AV-1 Principal Distribution Target Amount (in each case, after the distribution of the Principal Distribution Amount from Loan Group 2 as provided in clause (2)(A)(i)(c) above), until the Certificate Principal Balance thereof is reduced to zero,

(B) from the remaining Principal Distribution Amounts for Loan Group 2 and Loan Group 3, sequentially:

(i) to the Class MV-1 Certificates, the Class MV-1 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(ii) to the Class MV-2 Certificates, the Class MV-2 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(iii) to the Class MV-3 Certificates, the Class MV-3 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(iv) to the Class MV-4 Certificates, the Class MV-4 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,



(v) to the Class MV-5 Certificates, the Class MV-5 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(vi) to the Class MV-6 Certificates, the Class MV-6 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(vii) to the Class MV-7 Certificates, the Class MV-7 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(viii) to the Class MV-8 Certificates, the Class MV-8 Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero,

(ix) to the Class BV Certificates, the Class BV Principal Distribution Amount until the Certificate Principal Balance thereof is reduced to zero, and

(x) any remainder as part of the Adjustable Rate Loan Group Excess Cashflow to be allocated as described under “— *Overcollateralization Provisions*” below.

(3) On each Distribution Date on which any principal amounts are to be distributed to the Class 2-AV Certificates, such amounts will be distributed sequentially, to the Class 2-AV-1, Class 2-AV-2 and Class 2-AV-3 Certificates, in that order, in each case until the Certificate Principal Balance thereof is reduced to zero.

Notwithstanding the foregoing order of priority, on any Distribution Date on which (x) the aggregate Certificate Principal Balance of the Class AV Certificates is greater than the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 and any amount on deposit in the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3 and (y) the aggregate Certificate Principal Balance of the Class 2-AV Certificates is greater than the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3 and any amount on deposit in the Pre-Funding Account in respect of Loan Group 3, any principal amounts to be distributed to the Class 2-AV Certificates will be distributed pro rata, based on the Certificate Principal Balances thereof, in each case until the Certificate Principal Balance thereof is reduced to zero, and not as described above.

“**Principal Distribution Amount**” with respect to each Distribution Date and a Loan Group is the sum of:

- (1) the Principal Remittance Amount for such Loan Group for such Distribution Date,
- (2) the Extra Principal Distribution Amount for such Loan Group for such Distribution Date, and
- (3) with respect to the Distribution Date immediately following the end of the Funding Period, the amount, if any, remaining in the Pre-Funding Account at the end of the Funding Period (net of any investment income therefrom) allocable to such Loan Group.

“**Class AF Principal Distribution Amount**” for any Distribution Date will equal the excess of:

- (1) the aggregate Certificate Principal Balance of the Class AF Certificates immediately prior to such Distribution Date, over
- (2) the lesser of (i) 68.00% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (ii) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor.

***“Class MF-1 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date), and

(b) the Certificate Principal Balance of the Class MF-1 Certificates immediately prior to such Distribution Date, over

(2) the lesser of (x) 73.70% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-1 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-2 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) of the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date) and

(c) the Certificate Principal Balance of the Class MF-2 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 78.50% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-2 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-3 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date) and

(d) the Certificate Principal Balance of the Class MF-3 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 81.40% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-3 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-4 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date), and

(e) the Certificate Principal Balance of the Class MF-4 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 84.60% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-4 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-5 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MF-4 Certificates (after taking into account distribution of the Class MF-4 Principal Distribution Amount for such Distribution Date), and

(f) the Certificate Principal Balance of the Class MF-5 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 87.20% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-5 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-6 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MF-4 Certificates (after taking into account distribution of the Class MF-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MF-5 Certificates (after taking into account distribution of the Class MF-5 Principal Distribution Amount for such Distribution Date), and

(g) the Certificate Principal Balance of the Class MF-6 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 89.20% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-6 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-7 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

- (1) the sum of:
  - (a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),
  - (b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),
  - (c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),
  - (d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date),
  - (e) the Certificate Principal Balance of the Class MF-4 Certificates (after taking into account distribution of the Class MF-4 Principal Distribution Amount for such Distribution Date),
  - (f) the Certificate Principal Balance of the Class MF-5 Certificates (after taking into account distribution of the Class MF-5 Principal Distribution Amount for such Distribution Date),
  - (g) the Certificate Principal Balance of the Class MF-6 Certificates (after taking into account distribution of the Class MF-6 Principal Distribution Amount for such Distribution Date), and
  - (h) the Certificate Principal Balance of the Class MF-7 Certificates immediately prior to such Distribution Date over
- (2) the lesser of (x) 91.20% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-7 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MF-8 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

- (1) the sum of:
  - (a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),
  - (b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),
  - (c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),
  - (d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MF-4 Certificates (after taking into account distribution of the Class MF-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MF-5 Certificates (after taking into account distribution of the Class MF-5 Principal Distribution Amount for such Distribution Date),

(g) the Certificate Principal Balance of the Class MF-6 Certificates (after taking into account distribution of the Class MF-6 Principal Distribution Amount for such Distribution Date),

(h) the Certificate Principal Balance of the Class MF-7 Certificates (after taking into account distribution of the Class MF-7 Principal Distribution Amount for such Distribution Date),  
and

(i) the Certificate Principal Balance of the Class MF-8 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 93.20% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class MF-8 Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class BF Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AF Certificates (after taking into account distribution of the Class AF Principal Distribution Amount for such Distribution Date),

(b) the Certificate Principal Balance of the Class MF-1 Certificates (after taking into account distribution of the Class MF-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MF-2 Certificates (after taking into account distribution of the Class MF-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MF-3 Certificates (after taking into account distribution of the Class MF-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MF-4 Certificates (after taking into account distribution of the Class MF-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MF-5 Certificates (after taking into account distribution of the Class MF-5 Principal Distribution Amount for such Distribution Date),

(g) the Certificate Principal Balance of the Class MF-6 Certificates (after taking into account distribution of the Class MF-6 Principal Distribution Amount for such Distribution Date),

(h) the Certificate Principal Balance of the Class MF-7 Certificates (after taking into account distribution of the Class MF-7 Principal Distribution Amount for such Distribution Date),

(i) the Certificate Principal Balance of the Class MF-8 Certificates (after taking into account distribution of the Class MF-8 Principal Distribution Amount for such Distribution Date), and

(j) the Certificate Principal Balance of the Class BF Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 95.20% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date minus the Fixed Rate OC Floor;

provided, however, that if the Class BF Certificates are the only class of Fixed Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 1 until the Certificate Principal Balance thereof is reduced to zero.

***“Class AV Principal Distribution Target Amount”*** for any Distribution Date will equal the excess of:

(1) the aggregate Certificate Principal Balance of the Class AV Certificates immediately prior to such Distribution Date, over

(2) the lesser of (i) 51.80% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (ii) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor.

***“Class 1-AV-1 Principal Distribution Amount”*** for any Distribution Date, will equal the excess of:

(1) the Certificate Principal Balance of the Class 1-AV-1 Certificates immediately prior to such Distribution Date, over

(2) the lesser of (x) 51.80% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 for such Distribution Date minus 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and the Pre-Funded Amount in respect of Loan Group 2.

***“Class 1-AV-1 Principal Distribution Target Amount”*** for any Distribution Date will equal the product of:

(1) the Class AV Principal Distribution Target Amount for such Distribution Date, and

(2) a fraction, the numerator of which is the Class 1-AV-1 Principal Distribution Amount for such Distribution Date and the denominator of which is the sum of the Class 1-AV-1 Principal Distribution Amount for such Distribution Date and the Class 2-AV Principal Distribution Amount for such Distribution Date.

***“Class 2-AV Principal Distribution Amount”*** for any Distribution Date, will equal the excess of:

(1) the aggregate Certificate Principal Balance of the Class 2-AV Certificates immediately prior to such Distribution Date, over

(2) the lesser of (x) 51.80% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3 for such Distribution Date minus 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 3 and the Pre-Funded Amount in respect of Loan Group 3.

***“Class 2-AV Principal Distribution Target Amount”*** for any Distribution Date will equal the product of:

- (1) the Class AV Principal Distribution Target Amount for such Distribution Date, and
- (2) a fraction, the numerator of which is the Class 2-AV Principal Distribution Amount for such Distribution Date and the denominator of which is the sum of the Class 1-AV-1 Principal Distribution Amount for such Distribution Date and the Class 2-AV Principal Distribution Amount for such Distribution Date.

***“Class MV-1 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

- (1) the sum of:
  - (a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date), and
  - (b) the Certificate Principal Balance of the Class MV-1 Certificates immediately prior to such Distribution Date, over
- (2) the lesser of (x) 62.10% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-1 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MV-2 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

- (1) of the sum of:
  - (a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),
  - (b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date) and
  - (c) the Certificate Principal Balance of the Class MV-2 Certificates immediately prior to such Distribution Date over
- (2) the lesser of (x) 69.60% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-2 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.



***“Class MV-3 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date) and

(d) the Certificate Principal Balance of the Class MV-3 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 73.80% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-3 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MV-4 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date), and

(e) the Certificate Principal Balance of the Class MV-4 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 77.50% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal

Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-4 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

**“Class MV-5 Principal Distribution Amount”** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “—*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MV-4 Certificates (after taking into account distribution of the Class MV-4 Principal Distribution Amount for such Distribution Date), and

(f) the Certificate Principal Balance of the Class MV-5 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 81.10% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-5 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

**“Class MV-6 Principal Distribution Amount”** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “—*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MV-4 Certificates (after taking into account distribution of the Class MV-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MV-5 Certificates (after taking into account distribution of the Class MV-5 Principal Distribution Amount for such Distribution Date), and

(g) the Certificate Principal Balance of the Class MV-6 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 84.30% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-6 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MV-7 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under *“—Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3”* above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MV-4 Certificates (after taking into account distribution of the Class MV-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MV-5 Certificates (after taking into account distribution of the Class MV-5 Principal Distribution Amount for such Distribution Date),

(g) the Certificate Principal Balance of the Class MV-6 Certificates (after taking into account distribution of the Class MV-6 Principal Distribution Amount for such Distribution Date), and

(h) the Certificate Principal Balance of the Class MV-7 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 87.50% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-7 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Class MV-8 Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under “—*Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date),

(e) the Certificate Principal Balance of the Class MV-4 Certificates (after taking into account distribution of the Class MV-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MV-5 Certificates (after taking into account distribution of the Class MV-5 Principal Distribution Amount for such Distribution Date),

(g) the Certificate Principal Balance of the Class MV-6 Certificates (after taking into account distribution of the Class MV-6 Principal Distribution Amount for such Distribution Date),

(h) the Certificate Principal Balance of the Class MV-7 Certificates (after taking into account distribution of the Class MV-7 Principal Distribution Amount for such Distribution Date), and

(i) the Certificate Principal Balance of the Class MV-8 Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 90.00% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class MV-8 Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Class BV Principal Distribution Amount”*** for any Distribution Date will equal the excess of:

(1) the sum of:

(a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distributions to the Class AV Certificates pursuant to clause (2)(A) under *“—Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3”* above for such Distribution Date),

(b) the Certificate Principal Balance of the Class MV-1 Certificates (after taking into account distribution of the Class MV-1 Principal Distribution Amount for such Distribution Date),

(c) the Certificate Principal Balance of the Class MV-2 Certificates (after taking into account distribution of the Class MV-2 Principal Distribution Amount for such Distribution Date),

(d) the Certificate Principal Balance of the Class MV-3 Certificates (after taking into account distribution of the Class MV-3 Principal Distribution Amount for such Distribution Date) and

(e) the Certificate Principal Balance of the Class MV-4 Certificates (after taking into account distribution of the Class MV-4 Principal Distribution Amount for such Distribution Date),

(f) the Certificate Principal Balance of the Class MV-5 Certificates (after taking into account distribution of the Class MV-5 Principal Distribution Amount for such Distribution Date),

(g) the Certificate Principal Balance of the Class MV-6 Certificates (after taking into account distribution of the Class MV-6 Principal Distribution Amount for such Distribution Date),

(h) the Certificate Principal Balance of the Class MV-7 Certificates (after taking into account distribution of the Class MV-7 Principal Distribution Amount for such Distribution Date),

(i) the Certificate Principal Balance of the Class MV-8 Certificates (after taking into account distribution of the Class MV-8 Principal Distribution Amount for such Distribution Date), and

(j) the Certificate Principal Balance of the Class BV Certificates immediately prior to such Distribution Date over

(2) the lesser of (x) 92.40% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if the Class BV Certificates are the only class of Adjustable Rate Subordinate Certificates outstanding on such Distribution Date, they will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

***“Extra Principal Distribution Amount”*** with respect to any Distribution Date and (A) Loan Group 1, is the lesser of (1) the Fixed Rate Overcollateralization Deficiency Amount and (2) the sum of the Fixed Rate Loan Group Excess Cashflow and the Credit Comeback Excess Cashflow available for payment thereof and (B) Loan Group 2 and Loan Group 3, is the lesser of (1) the Adjustable Rate Overcollateralization Deficiency Amount and (2) the Adjustable Rate Loan Group Excess Cashflow available for payment thereof, to be allocated between Loan Group 2 and Loan Group 3, pro rata, based on the Certificate Principal Balances of the Senior Certificates related to each such Loan Group immediately prior to such Distribution Date.

***“NAS Principal Distribution Amount”*** for any Distribution Date, is the product of:

(1) a fraction, the numerator of which is the Certificate Principal Balance of the Class AF-6 Certificates and the denominator of which is the aggregate Certificate Principal Balance of the Class AF Certificates, in each case immediately prior to such Distribution Date,

(2) any amounts to be distributed to the Class AF Certificates on such Distribution Date pursuant to clause (1)(A) or (2)(A) under “— *Distributions of Principal Distribution Amount for Loan Group 1*” above and

(3) the applicable percentage for such Distribution Date set forth in the following table:

<b><u>Distribution Date</u></b>	<b><u>Percentage</u></b>
January 2005 — December 2007	0%
January 2008 — December 2009	45%
January 2010 — December 2010	80%
January 2011 — December 2011	100%
January 2012 and thereafter	300%

***“Fixed Rate OC Floor”*** means an amount equal to 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the Pre-Funded Amount in respect of Loan Group 1.

***“Fixed Rate Overcollateralization Deficiency Amount”*** with respect to any Distribution Date equals the amount, if any, by which the Fixed Rate Overcollateralization Target Amount exceeds the Fixed Rate

Overcollateralized Amount on such Distribution Date (after giving effect to distributions in respect of the Principal Remittance Amount for Loan Group 1 on such Distribution Date).

**“Fixed Rate Overcollateralization Target Amount”** means with respect to any Distribution Date (a) prior to the Fixed Rate Stepdown Date, an amount equal to 2.40% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the Pre-Funded Amount in respect of Loan Group 1 and (b) on or after the Fixed Rate Stepdown Date, the greater of (i) an amount equal to 4.80% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the current Distribution Date and (ii) the Fixed Rate OC Floor; provided, however, that if a Fixed Rate Trigger Event is in effect on any Distribution Date, the Fixed Rate Overcollateralization Target Amount will be the Fixed Rate Overcollateralization Target Amount as in effect for the prior Distribution Date.

**“Fixed Rate Overcollateralized Amount”** for any Distribution Date is the amount, if any, by which (x) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date and any amount on deposit in the Pre-Funding Account in respect of Loan Group 1 on such Distribution Date exceeds (y) the aggregate Certificate Principal Balance of the Class AF Certificates and the Fixed Rate Subordinate Certificates as of such Distribution Date (after giving effect to distributions of the Principal Remittance Amount from Loan Group 1 to be made on such Distribution Date).

**“Fixed Rate Stepdown Date”** is the earlier to occur of:

(1) the Distribution Date on which the aggregate Certificate Principal Balance of the Class AF Certificates is reduced to zero, and

(2) the later to occur of (x) the Distribution Date in January 2008 and (y) the first Distribution Date on which the aggregate Certificate Principal Balance of the Class AF Certificates (after calculating anticipated distributions on such Distribution Date) is less than or equal to 68.00% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for such Distribution Date.

A **“Fixed Rate Trigger Event”** with respect to any Distribution Date on or after the Fixed Rate Stepdown Date consists of either a Fixed Rate Delinquency Trigger Event with respect to that Distribution Date or a Fixed Rate Cumulative Loss Trigger Event with respect to that Distribution Date.

A **“Fixed Rate Delinquency Trigger Event”** with respect to any Distribution Date on or after the Fixed Rate Stepdown Date exists if the Rolling Sixty-Day Delinquency Rate for the outstanding Mortgage Loans in Loan Group 1 equals or exceeds the product of 46.00% and the Fixed Rate Senior Enhancement Percentage for such Distribution Date.

The **“Fixed Rate Senior Enhancement Percentage”** with respect to any Distribution Date on or after the Fixed Rate Stepdown Date is equal to a fraction (expressed as a percentage):

(1) the numerator of which is the excess of:

(a) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the preceding Distribution Date over

(b) (i) before the Certificate Principal Balances of the Class AF Certificates have been reduced to zero, the sum of the Certificate Principal Balances of the Class AF Certificates, or (ii) after such time, the Certificate Principal Balance of the most senior class of Fixed Rate Subordinate Certificates outstanding, as of the preceding Master Servicer Advance Date, and

(2) the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the preceding Distribution Date.

A “**Fixed Rate Cumulative Loss Trigger Event**” with respect to any Distribution Date on or after the Fixed Rate Stepdown Date occurs if (x) the aggregate amount of Realized Losses on the Mortgage Loans in Loan Group 1 from (and including) the Cut-off Date for each such Mortgage Loan to (and including) the last day of the related Due Period (reduced by the aggregate amount of any Subsequent Recoveries related to Loan Group 1 received through the last day of that Due Period) exceeds (y) the applicable percentage, for such Distribution Date, of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the Pre-Funded Amount in respect of Loan Group 1 as set forth below:

<u>Distribution Date</u>	<u>Percentage</u>
January 2008 — December 2008 .....	1.50% with respect to January 2008, plus an additional 1/12th of 0.75% for each month thereafter through December 2008
January 2009 — December 2009 .....	2.25% with respect to January 2009, plus an additional 1/12th of 0.75% for each month thereafter through December 2009
January 2010 — December 2010 .....	3.00% with respect to January 2010, plus an additional 1/12th of 0.50% for each month thereafter through December 2010
January 2011 and thereafter .....	3.50%

“**Adjustable Rate OC Floor**” means an amount equal to 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3.

“**Adjustable Rate Overcollateralization Deficiency Amount**” with respect to any Distribution Date equals the amount, if any, by which the Adjustable Rate Overcollateralization Target Amount exceeds the Adjustable Rate Overcollateralized Amount on such Distribution Date (after giving effect to distributions in respect of the Principal Remittance Amount for Loan Group 2 and Loan Group 3 on such Distribution Date).

“**Adjustable Rate Overcollateralization Target Amount**” means with respect to any Distribution Date (a) prior to the Adjustable Rate Stepdown Date, an amount equal to 3.80% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3 and (c) on or after the Adjustable Rate Stepdown Date, the greater of (i) an amount equal to 7.60% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the current Distribution Date and (ii) the Adjustable Rate OC Floor; provided, however, that if an Adjustable Rate Trigger Event is in effect on any Distribution Date, the Adjustable Rate Overcollateralization Target Amount will be the Adjustable Rate Overcollateralization Target Amount as in effect for the prior Distribution Date.

“**Adjustable Rate Overcollateralized Amount**” for any Distribution Date is the amount, if any, by which (x) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date and any amount on deposit in the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3 on such Distribution Date exceeds (y) the sum of the aggregate Certificate Principal Balance of the Class AV Certificates and the Adjustable Rate Subordinate Certificates as of such Distribution Date (after giving effect to distributions of the Principal Remittance Amount for Loan Group 2 and Loan Group 3 to be made on such Distribution Date).

“**Adjustable Rate Stepdown Date**” is the earlier to occur of:

(1) the Distribution Date on which the aggregate Certificate Principal Balance of the Class AV Certificates is reduced to zero, and

(2) the later to occur of (x) the Distribution Date in January 2008 and (y) the first Distribution Date on which the aggregate Certificate Principal Balance of the Class AV Certificates (after calculating anticipated distributions on such Distribution Date) is less than or equal to 51.80% of the



aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for such Distribution Date.

An “**Adjustable Rate Trigger Event**” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date consists of either an Adjustable Rate Delinquency Trigger Event with respect to that Distribution Date or an Adjustable Rate Cumulative Loss Trigger Event with respect to that Distribution Date.

An “**Adjustable Rate Delinquency Trigger Event**” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date exists if the Rolling Sixty-Day Delinquency Rate for the outstanding Mortgage Loans in Loan Group 2 and Loan Group 3 equals or exceeds the product of 31.00% and the Adjustable Rate Senior Enhancement Percentage for such Distribution Date.

The “**Adjustable Rate Senior Enhancement Percentage**” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date is equal to a fraction (expressed as a percentage):

(1) the numerator of which is the excess of:

(a) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the preceding Distribution Date over

(b) (i) before the Certificate Principal Balances of the Class AV Certificates have been reduced to zero, the sum of the Certificate Principal Balances of the Class AV Certificates, or (ii) after such time, the Certificate Principal Balance of the most senior class of Adjustable Rate Subordinate Certificates outstanding, as of the preceding Master Servicer Advance Date, and

(2) the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the preceding Distribution Date.

An “**Adjustable Rate Cumulative Loss Trigger Event**” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date occurs if (x) the aggregate amount of Realized Losses on the Mortgage Loans in Loan Group 2 and Loan Group 3 from (and including) the Cut-off Date for each such Mortgage Loan to (and including) the last day of the related Due Period (reduced by the aggregate amount of any Subsequent Recoveries related to Loan Group 2 or Loan Group 3 received through the last day of that Due Period) exceeds (y) the applicable percentage, for such Distribution Date, of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3, as set forth below:

<u>Distribution Date</u>	<u>Percentage</u>
January 2008 — December 2008 .....	3.25% with respect to January 2008, plus an additional 1/12th of 1.75% for each month thereafter through December 2008
January 2009 — December 2009 .....	5.00% with respect to January 2009, plus an additional 1/12th of 1.50% for each month thereafter through December 2009
January 2010 — December 2010 .....	6.50% with respect to January 2010, plus an additional 1/12th of 0.50% for each month thereafter through December 2010
January 2011 and thereafter .....	7.00%

“**Unpaid Realized Loss Amount**” means for any class of Subordinate Certificates, (x) the portion of the aggregate Applied Realized Loss Amount previously allocated to that class remaining unpaid from prior Distribution Dates minus (y) any increase in the Certificate Principal Balance of that class due to the allocation of Subsequent Recoveries to the Certificate Principal Balance of that class.

The “**Rolling Sixty-Day Delinquency Rate**,” with respect to any Distribution Date on or after the related Stepdown Date and any Loan Group, is the average of the Sixty-Day Delinquency Rates for such Loan Group and such Distribution Date and the two immediately preceding Distribution Dates.

The “**Sixty-Day Delinquency Rate**,” with respect to any Distribution Date on or after the related Stepdown Date and any Loan Group, is a fraction, expressed as a percentage, the numerator of which is the aggregate Stated Principal Balance for such Distribution Date of all Mortgage Loans in such Loan Group 60 or more days delinquent as of the close of business on the last day of the calendar month preceding such Distribution Date (including Mortgage Loans in foreclosure, bankruptcy and REO Properties) and the denominator of which is the aggregate Stated Principal Balance for such Distribution Date of all Mortgage Loans in such Loan Group.

A “**Realized Loss**” with respect to any defaulted Mortgage Loan is the excess of the Stated Principal Balance of such defaulted Mortgage Loan over the Liquidation Proceeds allocated to principal that have been received with respect to such Mortgage Loan on or at any time prior to the last day of the related Due Period during which such Mortgage Loan is liquidated.

*Class 1-AV-1 Policy.* On any Distribution Date, the Trustee will distribute to the holders of the Class 1-AV-1 Certificates, any Insured Payments received from the Class 1-AV-1 Insurer with respect to such Distribution Date.

*Residual Certificates.* The Class A-R Certificates do not bear interest. The Class A-R Certificates will receive a distribution of \$100 of principal on the first Distribution Date, after which their Certificate Principal Balance will equal zero. The \$100 will be withdrawn from a reserve account established by the Trustee and funded by the Depositor on the Closing Date for the purposes of making distributions on the Class A-R, Class PF and Class PV Certificates. The Class A-R Certificates will remain outstanding for so long as the Trust Fund will exist. In addition to the distribution of principal on the first Distribution Date, on each Distribution Date, the holders of the Class A-R Certificates, as provided in the Pooling and Servicing Agreement, will be entitled to receive any available funds remaining after payment of interest and principal on the Senior Certificates and on the Subordinate Certificates and payments to the Class 1-AV-1 Insurer and the Guarantor, as described above, and payments to the Class CF and Class CV Certificates. It is not anticipated that there will be any significant amounts remaining for distribution to the Class A-R Certificates.

## **Overcollateralization Provisions**

The weighted average Adjusted Net Mortgage Rate for each group or groups of Mortgage Loans is generally expected to be higher than the weighted average of the Pass-Through Rates on the related classes of Certificates. As a result, interest collections on the Mortgage Loans are expected to be generated in excess of the amount of interest payable to the holders of the related Certificates and the related fees and expenses payable by the Trust Fund. Any interest payments received in respect of the Mortgage Loans in a Loan Group or Loan Groups in excess of the amount that is needed to pay interest on the related Certificates and the trust expenses related to that Loan Group (including in the case of Loan Group 2 and the Class 1-AV-1 Certificates, the premiums due to the Class 1-AV-1 Insurer and the Class 1-AV-1 Guaranty Fee) will be used to reduce the total Certificate Principal Balance of the related Certificates, until the required level of overcollateralization has been achieved. The excess cashflow, if any, will be applied on each Distribution Date as a payment of principal on the related class or classes of Certificates then entitled to receive distributions in respect of principal, but only to the limited extent hereafter described.

### *Fixed Rate Loan Group Excess Cashflow*

The “**Fixed Rate Loan Group Excess Cashflow**” with respect to any Distribution Date is the sum of the amounts remaining as set forth in (i) clause (2)(j) in “— *Distributions — Distributions of Interest — Distributions of Interest Funds for Loan Group 1*” for such Distribution Date and (ii) clause (1)(K) or (2)(K), as applicable, in “*Distributions — Distributions of Principal Distribution Amount for Loan Group 1*” for such Distribution Date.

With respect to any Distribution Date, any Fixed Rate Loan Group Excess Cashflow and, in the case of clauses 1, 3, 5, 7, 9, 11, 13, 15, 17 and 19 below, any amounts in the Credit Comeback Excess Account available for such Distribution Date (“***Credit Comeback Excess Cashflow***”), will be paid to the classes of Certificates in the following order of priority, in each case first to the extent of the remaining Credit Comeback Excess Cashflow, if applicable, and second to the extent of the remaining Fixed Rate Loan Group Excess Cashflow:

1. to the holders of the class or classes of Class AF Certificates and Fixed Rate Subordinate Certificates then entitled to receive distributions in respect of principal, in an amount equal to the Extra Principal Distribution Amount for Loan Group 1, payable to such holders as part of the Principal Distribution Amount as described under “— *Distributions* — *Distributions of Principal Distribution Amount for Loan Group 1*” above; provided, however, that Credit Comeback Excess Cashflow (if any) will only be distributed pursuant to this clause, on or after the Distribution Date in February 2005 and if the Fixed Rate Overcollateralization Target Amount has at any previous time been met;
2. to the holders of the Class MF-1 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
3. to the holders of the Class MF-1 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
4. to the holders of the Class MF-2 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
5. to the holders of the Class MF-2 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
6. to the holders of the Class MF-3 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
7. to the holders of the Class MF-3 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
8. to the holders of the Class MF-4 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
9. to the holders of the Class MF-4 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
10. to the holders of the Class MF-5 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
11. to the holders of the Class MF-5 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
12. to the holders of the Class MF-6 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
13. to the holders of the Class MF-6 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
14. to the holders of the Class MF-7 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;

15. to the holders of the Class MF-7 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
16. to the holders of the Class MF-8 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
17. to the holders of the Class MF-8 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
18. to the holders of the Class BF Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
19. to the holders of the Class BF Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
20. to each class of Class AF Certificates and Fixed Rate Subordinate Certificates (in the case of the Class AF-1 Certificates after application of amounts received under the Class AF-1 Corridor Contract to cover Net Rate Carryover), pro rata based on the Certificate Principal Balances thereof, to the extent needed to pay any unpaid Net Rate Carryover for each such class; and then any Fixed Rate Loan Group Excess Cashflow remaining after such allocation to pay Net Rate Carryover based on the Certificate Principal Balances of the Certificates will be distributed to each class of Class AF Certificates and Fixed Rate Subordinate Certificates with respect to which there remains any unpaid Net Rate Carryover, pro rata, based on the amount of such unpaid Net Rate Carryover;
21. on or after the Distribution Date in February 2005, if the Adjustable Rate Overcollateralization Target Amount has at any previous time been met, to the holders of the class or classes of Class AV Certificates and Adjustable Rate Subordinate Certificates then entitled to receive distributions in respect of principal, payable to such holders as part of the Principal Distribution Amount as described under “— *Distributions — Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above, in an amount equal to the Extra Principal Distribution Amount for Loan Group 2 and Loan Group 3 not covered by the Adjustable Rate Loan Group Excess Cashflow;
22. to the holders of the Class MV-1 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-1 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
23. to the holders of the Class MV-2 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-2 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
24. to the holders of the Class MV-3 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-3 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
25. to the holders of the Class MV-4 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-4 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
26. to the holders of the Class MV-5 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-5 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;

27. to the holders of the Class MV-6 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-6 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
28. to the holders of the Class MV-7 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-7 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
29. to the holders of the Class MV-8 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MV-8 Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
30. to the holders of the Class BV Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class BV Certificates remaining undistributed after application of the Adjustable Rate Loan Group Excess Cashflow;
31. to the Carryover Reserve Fund, in an amount equal to the Required Secondary Carryover Reserve Fund Deposit (after giving effect to other deposits and withdrawals therefrom on such Distribution Date without regard to any excess Corridor Contract proceeds);
32. to fund distributions to the holders of the Class CF and Class A-R Certificates, in each case in the amounts specified in the Pooling and Servicing Agreement.

*Adjustable Rate Loan Group Excess Cashflow*

The “**Adjustable Rate Loan Group Excess Cashflow**” with respect to any Distribution Date is the sum of the amounts remaining as set forth in (i) clause (3)(j) in “— *Distributions — Distributions of Interest — Distributions of Interest Funds for Loan Group 2 and Loan Group 3*” and (ii) clause (1)(B)(x) or (2)(B)(x), as applicable, in “*Distributions — Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3.*”

With respect to any Distribution Date, any Adjustable Rate Loan Group Excess Cashflow will be paid to the classes of Certificates in the following order of priority, in each case to the extent of the remaining Adjustable Rate Loan Group Excess Cashflow:

1. to the holders of the class or classes of Class AV Certificates and Adjustable Rate Subordinate Certificates then entitled to receive distributions in respect of principal, in an aggregate amount equal to the Extra Principal Distribution Amount for Loan Group 2 and Loan Group 3, payable to such holders of each such class as part of the Principal Distribution Amount as described under “— *Distributions — Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above;
2. to the holders of the Class MV-1 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
3. to the holders of the Class MV-1 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
4. to the holders of the Class MV-2 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
5. to the holders of the Class MV-2 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;

6. to the holders of the Class MV-3 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
7. to the holders of the Class MV-3 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
8. to the holders of the Class MV-4 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
9. to the holders of the Class MV-4 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
10. to the holders of the Class MV-5 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
11. to the holders of the Class MV-5 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
12. to the holders of the Class MV-6 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
13. to the holders of the Class MV-6 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
14. to the holders of the Class MV-7 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
15. to the holders of the Class MV-7 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
16. to the holders of the Class MV-8 Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
17. to the holders of the Class MV-8 Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
18. to the holders of the Class BV Certificates, in an amount equal to any Interest Carry Forward Amount for such class;
19. to the holders of the Class BV Certificates, in an amount equal to the Unpaid Realized Loss Amount for such class;
20. to each class of Class AV Certificates and Adjustable Rate Subordinate Certificates (in each case after application of amounts received under the applicable Corridor Contract to cover Net Rate Carryover), pro rata based on the Certificate Principal Balances thereof, to the extent needed to pay any Net Rate Carryover for each such class remaining after application of amounts under the applicable Corridor Contract; provided that any Adjustable Rate Loan Group Excess Cashflow remaining after such allocation to pay Net Rate Carryover based on the Certificate Principal Balances of the Certificates will be distributed to each class of Class AV Certificates and Adjustable Rate Subordinate Certificates with respect to which there remains any unpaid Net Rate Carryover (after the distribution based on Certificate Principal Balances), pro rata, based on the amount of such unpaid Net Rate Carryover;
21. on or after the Distribution Date in February 2005, if the Fixed Rate Overcollateralization Target Amount has at any previous time been met, to the holders of the class or classes of

Class AF Certificates and Fixed Rate Subordinate Certificates then entitled to receive distributions in respect of principal, payable to such holders as part of the Principal Distribution Amount as described under “— *Distributions — Distributions of Principal Distribution Amount for Loan Group 1*” above, in an amount equal to the Extra Principal Distribution Amount for Loan Group 1 not covered by the Fixed Rate Loan Group Excess Cashflow or Credit Comeback Excess Cashflow;

22. to the holders of the Class MF-1 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-1 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
23. to the holders of the Class MF-2 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-2 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
24. to the holders of the Class MF-3 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-3 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
25. to the holders of the Class MF-4 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-4 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
26. to the holders of the Class MF-5 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-5 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
27. to the holders of the Class MF-6 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-6 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
28. to the holders of the Class MF-7 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-7 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
29. to the holders of the Class MF-8 Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class MF-8 Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
30. to the holders of the Class BF Certificates, in an amount equal to the Unpaid Realized Loss Amount for the Class BF Certificates remaining undistributed after application of the Fixed Rate Loan Group Excess Cashflow and Credit Comeback Excess Cashflow;
31. to the Carryover Reserve Fund, in an amount equal to the Required Secondary Carryover Reserve Fund Deposit (after giving effect to other deposits and withdrawals therefrom on such Distribution Date without regard to any excess Corridor Contract proceeds); and
32. to fund distributions to the holders of the Class CV and Class A-R Certificates, in each case in the amounts specified in the Pooling and Servicing Agreement.

## The Corridor Contracts

Countrywide Home Loans has entered into four interest rate corridor transactions with Bear Stearns Financial Products Inc. (the “**Corridor Contract Counterparty**”), each as evidenced by a Confirmation between Countrywide Home Loans and the Corridor Contract Counterparty (respectively, the “**Class AF-I Corridor Contract**,” the “**Class 1-AV-I Corridor Contract**,” the “**Class 2-AV Corridor Contract**,” and the “**Adjustable Rate Subordinate Corridor Contract**,” together the “**Corridor Contracts**” and each, a “**Corridor Contract**”). Pursuant to each Corridor Contract, the terms of an ISDA Master Agreement were incorporated into the Confirmation of the Corridor Contract, as if the ISDA Master Agreement had been executed by Countrywide Home Loans and the Corridor Contract Counterparty on the date that each Corridor Contract was executed. Each Corridor Contract is subject to certain ISDA definitions. On the Closing Date, Countrywide Home Loans will assign to the Trustee, on behalf of the Trust Fund, Countrywide Home Loans’s rights under each Corridor Contract.

On or prior to the applicable Corridor Contract Termination Date, amounts (if any) received by the Trustee for the benefit of the Trust Fund in respect of the Corridor Contracts will be used to pay Net Rate Carryover on the related class or classes of Certificates as described above under “— *Distributions — Distributions of Funds from the Corridor Contracts.*” Amounts received on the Corridor Contracts will not be available to pay Net Rate Carryover on any class of Certificates other than the related class or classes of Certificates. On any Distribution Date, after application of any amounts received under the Corridor Contracts to pay Net Rate Carryover, any remaining amounts will be distributed as described above under “— *Distributions — Distributions of Funds from the Corridor Contracts*” and will not thereafter be available for payments of Net Rate Carryover for any class of Certificates, unless such remaining amounts are received in connection with an early termination of the related Corridor Contract in which case such amounts will be held by the Trustee until the applicable Corridor Contract Termination Date for distribution as described above under “— *Distributions — Distributions of Funds from the Corridor Contracts.*”

With respect to each Corridor Contract and any Distribution Date on or prior to the applicable Corridor Contract Termination Date, the amount payable by the Corridor Contract Counterparty under a Corridor Contract that will be available to cover Net Rate Carryover on the related class or classes of Certificates as described in this information circular will equal the product of:

- (i) the excess (if any) of (x) the lesser of (A) One-Month LIBOR (as determined by the Corridor Contract Counterparty) and (B) the applicable Corridor Contract Ceiling Rate for such Distribution Date over (y) the applicable Corridor Contract Strike Rate for such Distribution Date,
- (ii) the applicable Corridor Contract Notional Balance for such Distribution Date,
- (iii) the actual number of days in the related Accrual Period, divided by 360, and
- (iv) 100.

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The “*Class AF-1 Corridor Contract Notional Balance*,” the “*Class AF-1 Corridor Contract Strike Rate*” and the “*Class AF-1 Corridor Contract Ceiling Rate*” for each Distribution Date are as described in the following table:

Month of Distribution Date	Class AF-1 Corridor Contract Notional Balance (\$)	Class AF-1 Corridor Contract Strike Rate	Class AF-1 Corridor Contract Ceiling Rate	Month of Distribution Date	Class AF-1 Corridor Contract Notional Balance (\$)	Class AF-1 Corridor Contract Strike Rate	Class AF-1 Corridor Contract Ceiling Rate
January 2005 .....	1,246,350.00	7.24595%	9.00000%	December 2005 ....	700,815.80	6.27204%	9.00000%
February 2005 .....	1,225,815.88	6.07715%	9.00000%	January 2006 .....	628,763.35	6.06550%	9.00000%
March 2005 .....	1,202,589.47	6.72816%	9.00000%	February 2006 .....	557,993.09	6.06542%	9.00000%
April 2005 .....	1,172,471.52	6.07695%	9.00000%	March 2006 .....	488,473.07	6.71521%	9.00000%
May 2005 .....	1,135,449.71	6.27942%	9.00000%	April 2006 .....	420,179.19	6.06527%	9.00000%
June 2005 .....	1,091,545.82	6.07676%	9.00000%	May 2006 .....	353,087.83	6.26738%	9.00000%
July 2005 .....	1,040,821.74	6.27923%	9.00000%	June 2006 .....	287,175.76	6.06513%	9.00000%
August 2005 .....	983,372.42	6.07658%	9.00000%	July 2006 .....	222,420.23	6.26723%	9.00000%
September 2005 ...	919,329.46	6.07649%	9.00000%	August 2006 .....	158,798.88	6.06498%	9.00000%
October 2005 .....	848,868.74	6.27896%	9.00000%	September 2006 ...	96,289.78	6.06491%	9.00000%
November 2005 ...	774,179.83	6.07635%	9.00000%	October 2006 .....	34,871.42	6.26699%	9.00000%

The “*Class 1-AV-1 Corridor Contract Notional Balance*,” the “*Class 1-AV-1 Corridor Contract Strike Rate*” and the “*Class 1-AV-1 Corridor Contract Ceiling Rate*” for each Distribution Date are as described in the following table:

Month of Distribution Date	Class 1-AV-1 Corridor Contract Notional Balance (\$)	Class 1-AV-1 Corridor Contract Strike Rate	Class 1-AV-1 Corridor Contract Ceiling Rate	Month of Distribution Date	Class 1-AV-1 Corridor Contract Notional Balance (\$)	Class 1-AV-1 Corridor Contract Strike Rate	Class 1-AV-1 Corridor Contract Ceiling Rate
January 2005 .....	5,698,800.00	7.10952%	9.75000%	April 2007 .....	2,874,182.22	6.02763%	9.74954%
February 2005 .....	5,644,175.21	5.92244%	9.75000%	May 2007 .....	2,546,665.66	6.24682%	9.74445%
March 2005 .....	5,605,204.61	6.59548%	9.75000%	June 2007 .....	2,245,130.38	6.09117%	9.74384%
April 2005 .....	5,557,211.33	5.92231%	9.75000%	July 2007 .....	1,974,880.80	6.31384%	9.74336%
May 2005 .....	5,500,294.79	6.13212%	9.75000%	August 2007 .....	1,860,866.72	6.09853%	9.74357%
June 2005 .....	5,434,489.12	5.92263%	9.75000%	September 2007 ...	1,750,509.98	6.09850%	9.74356%
July 2005 .....	5,359,920.46	6.13198%	9.75000%	October 2007 .....	1,643,689.77	6.31383%	9.74284%
August 2005 .....	5,276,710.76	5.92250%	9.75000%	November 2007....	1,540,289.56	6.10143%	9.73244%
September 2005 ...	5,185,054.49	5.92243%	9.75000%	December 2007 ....	1,440,207.32	6.35468%	9.68510%
October 2005 .....	5,085,151.52	6.13177%	9.75000%	January 2008 .....	1,343,339.86	7.62750%	10.18718%
November 2005 ...	4,977,241.63	5.92274%	9.75000%	February 2008 .....	1,343,339.86	7.62753%	10.18714%
December 2005 ....	4,861,729.73	6.13210%	9.75000%	March 2008 .....	1,343,339.86	8.17844%	10.18278%
January 2006 .....	4,739,474.57	5.92262%	9.75000%	April 2008 .....	1,343,339.86	7.62769%	10.18660%
February 2006 .....	4,619,523.29	5.92257%	9.75000%	May 2008 .....	1,309,354.95	7.89617%	10.17354%
March 2006 .....	4,501,824.52	6.59564%	9.75000%	June 2008 .....	1,266,948.08	7.65734%	10.12390%
April 2006 .....	4,386,311.58	5.92246%	9.75000%	July 2008 .....	1,225,916.13	9.27456%	10.11970%
May 2006 .....	4,272,991.33	6.13228%	9.75000%	August 2008 .....	1,186,413.72	8.96378%	10.12386%
June 2006 .....	4,161,792.45	5.92279%	9.75000%	September 2008 ...	1,148,177.75	8.96379%	10.12382%
July 2006 .....	4,052,689.05	6.13216%	9.75000%	October 2008 .....	1,111,167.77	9.27470%	10.11968%
August 2006 .....	3,945,627.30	5.92268%	9.75000%	November 2008....	1,075,344.62	8.96582%	10.11972%
September 2006 ...	3,840,583.13	5.92262%	9.75000%	December 2008 ....	1,040,670.81	9.29359%	10.07942%
October 2006 .....	3,737,511.22	6.13380%	9.75000%	January 2009 .....	1,007,113.57	9.66525%	10.46174%
November 2006 ...	3,636,370.54	5.94927%	9.75000%	February 2009 .....	974,772.61	9.66526%	10.46172%
December 2006 ....	3,537,142.67	6.24903%	9.74994%	March 2009 .....	943,465.38	10.73940%	10.73940%
January 2007 .....	3,439,603.84	6.03567%	9.74994%	April 2009 .....	913,158.95	9.66537%	10.46178%
February 2007 .....	3,340,806.74	6.03387%	9.74995%	May 2009 .....	883,821.42	10.00160%	10.43697%
March 2007 .....	3,228,003.34	6.71198%	9.74994%	June 2009 .....	855,421.96	9.67771%	10.45285%

The “*Class 2-AV Corridor Contract Notional Balance*,” the “*Class 2-AV Corridor Contract Strike Rate*” and the “*Class 2-AV Corridor Contract Ceiling Rate*” for each Distribution Date are as described in the following table:

Month of Distribution Date	Class 2-AV Corridor Contract Notional Balance (\$)	Class 2-AV Corridor Contract Strike Rate	Class 2-AV Corridor Contract Ceiling Rate	Month of Distribution Date	Class 2-AV Corridor Contract Notional Balance (\$)	Class 2-AV Corridor Contract Strike Rate	Class 2-AV Corridor Contract Ceiling Rate
January 2005 .....	4,036,650.00	7.56267%	8.25000%	April 2007 .....	2,019,978.58	6.54305%	9.24682%
February 2005 .....	3,997,264.28	6.30237%	8.25000%	May 2007 .....	1,790,789.05	6.79345%	9.24218%
March 2005 .....	3,969,283.03	7.00420%	8.25000%	June 2007 .....	1,581,595.34	6.63839%	9.22896%
April 2005 .....	3,934,927.10	6.30199%	8.25000%	July 2007 .....	1,398,158.56	6.88361%	9.22703%
May 2005 .....	3,894,267.70	6.52019%	8.25000%	August 2007 .....	1,317,715.75	6.65377%	9.22532%
June 2005 .....	3,847,328.72	6.30184%	8.25000%	September 2007 ...	1,239,845.65	6.65390%	9.22394%
July 2005 .....	3,794,200.59	6.52144%	8.25000%	October 2007 .....	1,164,463.16	6.88482%	9.21692%
August 2005 .....	3,734,971.13	6.30281%	8.25000%	November 2007....	1,091,487.26	6.66267%	9.19293%
September 2005 ...	3,669,799.81	6.30262%	8.25000%	December 2007 ....	1,020,849.09	6.97040%	9.11587%
October 2005 .....	3,598,839.85	6.52085%	8.25000%	January 2008 .....	952,488.43	8.23411%	10.11899%
November 2005 ...	3,522,296.20	6.30225%	8.25000%	February 2008 .....	952,488.43	8.23457%	10.11655%
December 2005 ....	3,440,571.52	6.52075%	8.25000%	March 2008 .....	952,488.43	8.82003%	10.10584%
January 2006 .....	3,354,523.01	6.30360%	8.25000%	April 2008 .....	952,488.43	8.23594%	10.10931%
February 2006 .....	3,270,090.24	6.30349%	8.25000%	May 2008 .....	928,320.47	8.52717%	10.08061%
March 2006 .....	3,187,092.44	7.00559%	8.25000%	June 2008 .....	898,320.81	8.29177%	10.01269%
April 2006 .....	3,105,640.21	6.30337%	8.25000%	July 2008 .....	869,294.76	9.79772%	10.00359%
May 2006 .....	3,025,737.61	6.52175%	8.25000%	August 2008 .....	841,327.52	9.47409%	10.00915%
June 2006 .....	2,946,979.33	6.30339%	8.25000%	September 2008 ...	814,255.90	9.47438%	10.00934%
July 2006 .....	2,869,814.09	6.52305%	8.25000%	October 2008 .....	788,051.14	9.79973%	10.00001%
August 2006 .....	2,794,112.59	6.30986%	8.25000%	November 2008....	762,685.70	9.48399%	10.00966%
September 2006 ...	2,719,857.69	6.31462%	8.25000%	December 2008 ....	738,133.12	9.84116%	9.96487%
October 2006 .....	2,647,212.74	6.55396%	8.24998%	January 2009 .....	714,371.21	10.32023%	10.59735%
November 2006 ...	2,575,302.42	6.40091%	8.24990%	February 2009 .....	691,455.42	10.32077%	10.59684%
December 2006 ....	2,504,473.12	6.78234%	8.24986%	March 2009 .....	669,271.50	11.45371%	11.45371%
January 2007 .....	2,433,853.14	6.55501%	9.24986%	April 2009 .....	647,796.12	10.32236%	10.59834%
February 2007 .....	2,359,168.22	6.55077%	9.24942%	May 2009 .....	627,006.70	10.68163%	10.68163%
March 2007 .....	2,268,138.71	7.26594%	9.24887%	June 2009 .....	606,881.64	10.34837%	10.58405%

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The “*Adjustable Rate Subordinate Corridor Contract Notional Balance*,” the “*Adjustable Rate Subordinate Corridor Contract Strike Rate*” and the “*Adjustable Rate Subordinate Corridor Contract Ceiling Rate*” for each Distribution Date are as described in the following table:

Month of Distribution Date	Adjustable Rate Subordinate Corridor Contract Notional Balance (\$)	Adjustable Rate Subordinate Corridor Contract Strike Rate	Adjustable Rate Subordinate Corridor Contract Ceiling Rate	Month of Distribution Date	Adjustable Rate Subordinate Corridor Contract Notional Balance (\$)	Adjustable Rate Subordinate Corridor Contract Strike Rate	Adjustable Rate Subordinate Corridor Contract Ceiling Rate
January 2005 .....	2,496,900.00	7.37418%	8.25000%	April 2007 .....	2,496,900.00	7.00822%	9.24829%
February 2005 .....	2,496,900.00	6.14438%	8.25000%	May 2007 .....	2,496,900.00	6.31899%	9.24377%
March 2005 .....	2,496,900.00	6.14428%	8.25002%	June 2007 .....	2,496,900.00	6.60363%	9.23731%
April 2005 .....	2,496,900.00	6.82926%	8.25003%	July 2007 .....	2,496,900.00	6.39313%	9.23707%
May 2005 .....	2,496,900.00	6.14432%	8.25002%	August 2007 .....	2,496,900.00	6.61467%	9.23559%
June 2005 .....	2,496,900.00	6.35745%	8.25003%	September 2007 ...	2,496,900.00	6.39327%	9.23548%
July 2005 .....	2,496,900.00	6.14476%	8.25004%	October 2007 .....	2,496,900.00	6.39361%	9.23272%
August 2005 .....	2,496,900.00	6.35779%	8.25004%	November 2007 ....	2,496,900.00	6.62025%	9.21499%
September 2005 ...	2,496,900.00	6.14452%	8.25004%	December 2007 ....	2,496,900.00	6.45110%	9.15947%
October 2005 .....	2,496,900.00	6.14440%	8.25004%	January 2008 .....	2,496,900.00	8.21663%	10.15593%
November 2005 ...	2,496,900.00	6.35770%	8.25004%	February 2008 .....	2,336,624.51	7.94374%	10.15793%
December 2005 ....	2,496,900.00	6.14455%	8.25004%	March 2008 .....	2,181,466.73	7.94390%	10.15733%
January 2006 .....	2,496,900.00	6.35820%	8.25004%	April 2008 .....	2,031,254.07	8.50957%	10.14803%
February 2006 .....	2,496,900.00	6.14496%	8.25004%	May 2008 .....	1,943,997.19	7.94907%	10.13876%
March 2006 .....	2,496,900.00	6.14490%	8.25003%	June 2008 .....	1,875,634.07	8.25948%	10.07209%
April 2006 .....	2,496,900.00	6.83001%	8.25004%	July 2008 .....	1,809,441.43	9.23972%	10.07735%
May 2006 .....	2,496,900.00	6.14505%	8.25004%	August 2008 .....	1,745,494.64	9.50000%	10.01428%
June 2006 .....	2,496,900.00	6.35822%	8.25004%	September 2008 ...	1,683,553.42	9.24005%	10.07637%
July 2006 .....	2,496,900.00	6.14550%	8.25004%	October 2008 .....	1,623,549.72	9.24055%	10.07582%
August 2006 .....	2,496,900.00	6.36092%	8.25004%	November 2008 ....	1,565,417.88	9.50000%	10.00649%
September 2006 ...	2,496,900.00	6.14961%	8.25004%	December 2008 ....	1,509,104.41	9.26789%	10.03891%
October 2006 .....	2,496,900.00	6.15884%	8.25003%	January 2009 .....	1,454,545.04	9.50000%	9.65050%
November 2006 ...	2,496,900.00	6.41603%	8.25001%	February 2009 .....	1,401,738.45	9.50000%	10.01616%
December 2006 ....	2,496,900.00	6.31578%	8.24997%	March 2009 .....	1,350,561.46	9.50000%	10.01612%
January 2007 .....	2,496,900.00	6.53433%	9.24996%	April 2009 .....	1,300,952.98	9.50000%	9.50000%
February 2007 .....	2,496,900.00	6.31267%	9.24978%	May 2009 .....	1,252,879.43	9.50000%	10.01391%
March 2007 .....	2,496,900.00	6.30394%	9.24959%	June 2009 .....	1,206,280.33	9.50000%	9.61980%

The Class AF-1 Corridor Contract Notional Balance, the Class 1-AV-1 Corridor Contract Notional Balance, the Class 2-AV Corridor Contract Notional Balance and the Adjustable Rate Subordinate Corridor Contract Notional Balance are each also referred to as a “*Corridor Contract Notional Balance*.” The Class AF-1 Corridor Contract Strike Rate, the Class 1-AV-1 Corridor Contract Strike Rate, the Class 2-AV Corridor Contract Strike Rate and the Adjustable Rate Subordinate Corridor Contract Strike Rate are each also referred to as a “*Corridor Contract Strike Rate*.” The Class AF-1 Corridor Contract Ceiling Rate, the Class 1-AV-1 Corridor Contract Ceiling Rate, the Class 2-AV Corridor Contract Ceiling Rate and the Adjustable Rate Subordinate Corridor Contract Ceiling Rate are each also referred to as a “*Corridor Contract Ceiling Rate*.”

The Class AF-1 Corridor Contract is scheduled to remain in effect until the Distribution Date in October 2006 (the “*Class AF-1 Corridor Contract Termination Date*”). The Class 1-AV-1 Corridor Contract is scheduled to remain in effect until the Distribution Date in June 2009 (the “*Class 1-AV-1 Corridor Contract Termination Date*”). The Class 2-AV Corridor Contract is scheduled to remain in effect until the Distribution Date in June 2009 (the “*Class 2-AV Corridor Contract Termination Date*”). The Adjustable Rate Subordinate Corridor Contract is scheduled to remain in effect until the Distribution Date in June 2009 (the “*Adjustable Rate Subordinate Corridor Contract Termination Date*”). The Class AF-1 Corridor Contract Termination Date, the Class 1-AV-1 Corridor Contract Termination Date, the Class 2-AV Corridor Contract Termination Date and the Adjustable Rate Subordinate Corridor Contract Termination Date are each also referred to as a “*Corridor Contract Termination Date*.” Each Corridor Contract will be subject to early termination only in limited circumstances. Such circumstances generally include certain insolvency or bankruptcy events in relation to the Corridor Contract

Counterparty or the Trust Fund, the failure by the Corridor Contract Counterparty (three business days after notice of such failure is received by the Corridor Contract Counterparty) to make a payment due under such Corridor Contract, the failure by the Corridor Contract Counterparty or the Trustee (30 days after notice of such failure is received) to perform any other agreement made by it under such Corridor Contract and such Corridor Contract becoming illegal or subject to certain kinds of taxation.

If any Corridor Contract is terminated, the Corridor Contract Counterparty may owe a termination payment to the Trustee, payable in a lump sum to be held by the Trustee until the applicable Corridor Contract Termination Date to pay any Net Rate Carryover on the related class or classes of Certificates. However, if such termination occurs, there can be no assurance that any such termination payment will be owing to the Trustee.

The long-term, unsecured, unsubordinated debt obligations of the Corridor Contract Counterparty are rated “Aaa” and “AAA” by Moody’s and S&P, respectively.

The Class 1-AV-1 Certificates do not represent an obligation of the Corridor Contract Counterparty. The holders of the Class 1-AV-1 Certificates are not parties to or beneficiaries under any Corridor Contract and will not have any right to proceed directly against the Corridor Contract Counterparty in respect of its obligations under any Corridor Contract.

### **Fannie Mae Guaranty**

On each Distribution Date, the Guarantor will be entitled to receive the 1-AV-1 Guaranty Fee, payable primarily from interest collections on the Mortgage Loans in Loan Group 2 with respect to such Distribution Date. The Guarantor, in consideration of the payment of the Class 1-AV-1 Guaranty Fee, will guarantee the timely payment of interest due on the Class 1-AV-1 Certificates, subject to the limitations described below, and certain principal payments, including the ultimate payment of principal, on the Class 1-AV-1 Certificates as further described below (the “**Guaranty**”). On each applicable Distribution Date, a draw will be made on the Guaranty equal to the sum of the Class 1-AV-1 Guaranteed Interest Distribution Amount, if any, and the Class 1-AV-1 Guaranteed Principal Distribution Amount, if any. The Guaranty will cover any Prepayment Interest Shortfalls required to be paid by the Master Servicer that are not paid by the Master Servicer (“**Unpaid Compensating Interest**”). The Guaranty will **not** cover:

- Prepayment Interest Shortfalls except to the extent of any Unpaid Compensating Interest,
- any reduction in interest paid on the Class 1-AV-1 Certificates attributable to the application of the Servicemembers Civil Relief Act (such reduction in Current Interest payable on the Class 1-AV-1 Certificates a “**Relief Act Reduction**”),
- Net Rate Carryover with respect to the Class 1-AV-1 Certificates, or
- any failure of the Trust Fund to receive payments under the Class 1-AV-1 Corridor Contract.

In addition to the Class 1-AV-1 Guaranty Fee, the Guarantor will be entitled to the Class 1-AV-1 Guarantor Reimbursement Amount relating to all Class 1-AV-1 Guaranteed Interest Distribution Amounts and Class 1-AV-1 Guaranteed Principal Distribution Amounts paid by it, see “*Description of the Certificates — Distributions*” in this information circular.

The “**Class 1-AV-1 Guaranty Fee**” for any Distribution Date is the fee payable to the Guarantor in respect of its services as guarantor that accrues at the Class 1-AV-1 Guaranty Fee Rate for the Class 1-AV-1 Certificates on a balance equal to the Certificate Principal Balance of the Class 1-AV-1 Certificates immediately prior to such Distribution Date.

The “**Class 1-AV-1 Guaranty Fee Rate**” is a rate per annum specified in a premium letter of the Guarantor addressed to the Trustee, the Depositor, Countrywide Home Loans and the Master Servicer.

The “***Class 1-AV-1 Guarantor Reimbursement Amount***” is sum of all amounts paid by the Guarantor in respect of the Guaranty on all prior Distribution Dates to the extent not previously reimbursed.

The “***Class 1-AV-1 Guaranteed Interest Distribution Amount***” with respect to any Distribution Date and the Class 1-AV-1 Certificates is the amount, if any, by which (i) the sum of (x) the Current Interest payable on the Class 1-AV-1 Certificates for such Distribution Date, minus the sum of (1) the amount by which Prepayment Interest Shortfalls would reduce the amount of Current Interest paid on the Class 1-AV-1 Certificates for such Distribution Date and (2) any Relief Act Reduction plus (y) any Unpaid Compensating Interest for such Distribution Date, exceeds (ii) the amount of interest actually paid to the holders of the Class 1-AV-1 Certificates on such Distribution Date (after giving effect to the application of any payments under the Class 1-AV-1 Policy and payments of Compensating Interest on such Distribution Date, but prior to giving effect to any Guarantor Payment on such Distribution Date and without giving effect to the payment of any related Net Rate Carryover).

The “***Class 1-AV-1 Guaranteed Principal Distribution Amount***” with respect to (a) any Distribution Date (other than the Distribution Date in June 2035) and the Class 1-AV-1 Certificates, is the amount, if any, which (i) the Certificate Principal Balance of the Class 1-AV-1 Certificates (after giving effect to all amounts distributable and allocable to principal on the Class 1-AV-1 Certificates including amounts paid under the Class 1-AV-1 Policy, but prior to giving effect to any Guarantor Payment on such Distribution Date) exceeds (ii) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 for such Distribution Date and (b) the Distribution Date in June 2035, is the Certificate Principal Balance of the Class 1-AV-1 Certificates (after giving effect to all amounts distributable and allocable to principal on the Class 1-AV-1 Certificates including amounts paid under the Class 1-AV-1 Policy, but prior to giving effect to any Guarantor Payment on such Distribution Date).

A “***Guarantor Payment***” is any payment made by the Guarantor in respect of a Class 1-AV-1 Guaranteed Interest Distribution Amount or a Class 1-AV-1 Guaranteed Principal Distribution Amount.

### **Calculation of One-Month LIBOR**

On the second LIBOR Business Day preceding the commencement of each Accrual Period for the Adjustable Rate Certificates (each such date, an “***Interest Determination Date***”), the Trustee will determine the London interbank offered rate for one-month United States dollar deposits (“***One-Month LIBOR***”) for such Accrual Period on the basis of such rate as it appears on Telerate Screen Page 3750, as of 11:00 a.m. (London time) on such Interest Determination Date. 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, such other service for displaying LIBOR or comparable rates as may be reasonably selected by the Trustee), One-Month LIBOR for the applicable Accrual Period will be the Reference Bank Rate as defined in this information circular. If no such quotations can be obtained and no Reference Bank Rate is available, One-Month LIBOR will be the One-Month LIBOR applicable to the preceding Accrual Period. The “***Reference Bank Rate***” with respect to any Accrual Period, means the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the offered rates for United States dollar deposits for one month that are quoted by the Reference Banks as of 11:00 a.m., New York City time, on the related Interest Determination Date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of all the Adjustable Rate Certificates for such Accrual Period, provided that at least two such Reference Banks provide such rate. If fewer than two offered rates appear, the Reference Bank Rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the rates quoted by one or more major banks in New York City, selected by the Trustee, as of 11:00 a.m., New York City time, on such date for loans in U.S. dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of all the Adjustable Rate Certificates for such Accrual Period. As used in this section, “***LIBOR Business Day***” means a day on which banks are open for dealing in foreign currency and exchange in London and New York City; and “***Reference Banks***” means leading banks selected by the Trustee and engaged in transactions in Eurodollar deposits in the international Eurocurrency market:

- (1) with an established place of business in London,
- (2) which have been designated as such by the Trustee and

(3) which are not controlling, controlled by, or under common control with, the Depositor, Countrywide Home Loans, the Master Servicer or any successor Master Servicer.

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

### **Carryover Reserve Fund**

The Pooling and Servicing Agreement establishes an account (the “**Carryover Reserve Fund**”), which is held in trust by the Trustee on behalf of the holders of the interest-bearing certificates. On the Closing Date, Countrywide Home Loans will deposit \$10,000 in the Carryover Reserve Fund. The Carryover Reserve Fund will not be an asset of any REMIC.

On each Distribution Date, the Trustee will deposit in the Carryover Reserve Fund amounts received in respect of the Corridor Contracts. On each Distribution Date, such amounts received in respect of each applicable Corridor Contract will be distributed to the related Adjustable Rate Certificates to pay any Net Rate Carryover on such Certificates as described under “— *Distributions — Distributions of Interest — Distributions of Funds from the Corridor Contracts*” above.

On each Distribution Date, to the extent that Fixed Rate Loan Group Excess Cashflow is available as described under “— *Overcollateralization Provisions — Fixed Rate Loan Group Excess Cashflow*” above or Adjustable Rate Loan Group Excess Cashflow is available as described under “— *Overcollateralization Provisions — Adjustable Rate Loan Group Excess Cashflow*” above, the Trustee will deposit in the Carryover Reserve Fund the amount needed to pay any Net Rate Carryover as described under “— *Overcollateralization Provisions*” above.

On each Distribution Date, to the extent that Fixed Rate Loan Group Excess Cashflow is available as described under “— *Overcollateralization Provisions — Fixed Rate Loan Group Excess Cashflow*” above or Adjustable Rate Loan Group Excess Cashflow is available as described under “— *Overcollateralization Provisions — Adjustable Rate Loan Group Excess Cashflow*” above, the Trustee will deposit in the Carryover Reserve Fund an amount equal to the excess, if any, of (i) \$10,000 over (ii) the amount of funds on deposit in the Carryover Reserve Fund following all other deposits to, and withdrawals from, the Carryover Reserve Fund on such Distribution Date (the “**Required Secondary Carryover Reserve Fund Deposit**”).

### **Credit Comeback Excess Account**

The Pooling and Servicing Agreement establishes a reserve account (the “**Credit Comeback Excess Account**”), which is held in trust by the Trustee on behalf of the holders of the Fixed Rate Certificates. The Credit Comeback Excess Account will not be an asset of any REMIC.

On each Distribution Date, the Trustee will deposit in the Credit Comeback Excess Account all Credit Comeback Excess Amounts received during the related Due Period. On each Distribution Date, all such Credit Comeback Excess Amounts received during such period will be distributed to the Fixed Rate Certificates to restore overcollateralization and to cover any Unpaid Realized Loss Amounts as described under “— *Overcollateralization Provisions — Fixed Rate Loan Group Excess Cashflow*.” Any Credit Comeback Excess Amounts remaining after the application of such amounts as described under “— *Overcollateralization Provisions — Fixed Rate Loan Group Excess Cashflow*” will be distributed to the Class CF Certificates and will not be available thereafter.

### **The Class 1-AV-1 Financial Guaranty Insurance Policy**

The Class 1-AV-1 Insurer will issue a certificate guaranty insurance policy (the “**Class 1-AV-1 Policy**”) for the benefit of the Class 1-AV-1 Certificates. The following summary of the provisions of the Class 1-AV-1 Policy does not purport to be complete and is qualified in its entirety by reference to the Class 1-AV-1 Policy.

The Class 1-AV-1 Insurer, in consideration of the payment of a premium and subject to the terms of the Class 1-AV-1 Policy, unconditionally guarantees the payment of Insured Amounts and Avoided Payments (to the extent described below) to the Trustee on behalf of the holders of the Class 1-AV-1 Certificates. The Class 1-AV-1 Insurer will pay Insured Amounts which are due for payment to the Trustee on the later of (1) 12:00 p.m., New York City time, on the Distribution Date the Insured Amount is distributable to the holders of the Class 1-AV-1 Certificates under the Pooling and Servicing Agreement, and (2) the Business Day following the Business Day the Class 1-AV-1 Insurer shall have received notice by facsimile, simultaneously confirmed by telephone and subsequently confirmed in writing, or written notice delivered to the Class 1-AV-1 Insurer at its office specified in the Class 1-AV-1 Policy, from the Trustee, specifying that an Insured Amount is due in accordance with the terms of the Class 1-AV-1 Policy, a “**Notice**”); provided that, if such Notice is received after 10:00 a.m., New York City time, on that Business Day, it shall be deemed to be received on the following Business Day.

Pursuant to the Class 1-AV-1 Policy, the Class 1-AV-1 Insurer will pay any Avoided Payment on the Business Day next following receipt on a Business Day by the Class 1-AV-1 Insurer of (i) a certified copy of a final order of a court or other body exercising jurisdiction in an Insolvency Proceeding to the effect that the Trustee or holder of a Class 1-AV-1 Certificate, as applicable, is required to return such Avoided Payment paid during the term of the Class 1-AV-1 Policy because such Avoided Payment was avoided under applicable law, with respect to which order the appeal period has expired without an appeal having been filed (the “**Final Order**”), (ii) an assignment (in the form provided in the Class 1-AV-1 Policy) properly completed and executed by the holder of a Class 1-AV-1 Certificate, irrevocably assigning to the Class 1-AV-1 Insurer all rights and claims of such holder relating to or arising under such Avoided Payment and (iii) a notice (in the form provided in the Class 1-AV-1 Policy) appropriately completed and executed by the Trustee; provided that, if such documents are received after 10:00 a.m., New York City time, on that Business Day, they will be deemed to be received the following Business Day. All payments made by the Class 1-AV-1 Insurer in respect of Avoided Payments shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order, and not to the Trustee or the holders of the Class 1-AV-1 Certificates directly, unless the holder has previously paid such Avoided Payment to such receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order, in which case the Class 1-AV-1 Insurer will pay the Trustee on behalf of such holder, subject to the delivery of (a) the items referred to in clauses (i), (ii), and (iii) above to the Class 1-AV-1 Insurer and (b) evidence satisfactory to the Class 1-AV-1 Insurer that payment has been made to such receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order.

The Class 1-AV-1 Insurer shall not be obligated to make any payment in respect of any Insured Amount or Avoided Payment representing a payment of principal on the Class 1-AV-1 Certificates prior to the time the Class 1-AV-1 Insurer would have been required to make a payment in respect of such principal pursuant to the Class 1-AV-1 Policy.

The Class 1-AV-1 Insurer’s obligation under the Class 1-AV-1 Policy will be discharged to the extent that funds are received by the Trustee for payment to the holders of the Class 1-AV-1 Certificates whether or not those funds are properly distributed to the Trustee. Payments of Insured Amounts and policy payments in respect of Avoided Payments will be made only at the times for such payments set forth in the Class 1-AV-1 Policy, and no payments which become due on an accelerated basis for any reason, including an optional termination, will be made regardless of any acceleration of the Class 1-AV-1 Certificates, unless the Class 1-AV-1 Insurer elects, in its sole discretion, to pay such amounts in whole or in part (in which case the Insured Amounts will include such accelerated payments as, when, and to the extent so elected by the Class 1-AV-1 Insurer).

For purposes of the Class 1-AV-1 Policy, a holder does not and may not include any of the Trustee, the Seller, the Depositor, the Master Servicer or any of their respective affiliates.

No person other than the Trustee will be entitled to present the Notice.

The Class 1-AV-1 Insurer will be subrogated to the rights of each holder of the Class 1-AV-1 Certificates to the extent of any payment by the Class 1-AV-1 Insurer under the Class 1-AV-1 Policy.

The Class 1-AV-1 Insurer agrees that if it shall be subrogated to the rights of the holders of the Class 1-AV-1 Certificates, the rights of subrogation shall be subordinate and junior in right of payment to the prior

indefeasible payment in full of any amounts due the holders on account of payments due under the Class 1-AV-1 Certificates. In so doing, the Class 1-AV-1 Insurer does not waive its rights to seek full payment of all Class 1-AV-1 Reimbursement Amounts owed to it under the Pooling and Servicing Agreement.

The Class 1-AV-1 Policy will not cover Net Rate Carryover, Prepayment Interest Shortfalls or any shortfalls resulting from the application of the Relief Act or similar state laws allocated to the Class 1-AV-1 Certificates, nor does the Class 1-AV-1 Policy guarantee to the holders of the Class 1-AV-1 Certificates any particular rate of principal payment. In addition, the Class 1-AV-1 Policy does not cover shortfalls, if any, attributable to the liability of the Trust Fund, any Certificateholder, any REMIC or the Trustee for withholding taxes, if any (including interest and penalties in respect of any liability for withholding taxes), nor any risk other than nonpayment of Class 1-AV-1 Scheduled Payments, including the failure of the Trustee to make any distribution required under the Pooling and Servicing Agreement to the holders of the Class 1-AV-1 Certificates.

The following terms have the following meanings under the Class 1-AV-1 Policy:

An “**Avoided Payment**” means, with respect to the Class 1-AV-1 Certificates, any payment of principal or interest previously distributed to a holder of a Class 1-AV-1 Certificate by or on behalf of the Trust Fund that is voided as a result of any Insolvency Proceeding and which is returned by a holder of the Class 1-AV-1 Certificates as required by a final, nonappealable order of a court of competent jurisdiction.

A “**Class 1-AV-1 Certificate Deficiency Amount**” means, with respect to the Class 1-AV-1 Certificates and any Distribution Date, the sum of the following amounts, in each case after giving effect to distributions to the Class 1-AV-1 Certificates on such Distribution Date from sources other than the Class 1-AV-1 Policy:

(i) the excess of (A) the Current Interest and Interest Carry Forward Amount due and payable on the Class 1-AV-1 Certificates for such Distribution Date over (B) any Interest Remittance Amounts allocated to pay any such amounts pursuant to the Pooling and Servicing Agreement;

(ii) any Class 1-AV-1 Principal Loss Amount, if any, for such Distribution Date; and

(iii) without duplication of the amount specified in clause (ii), the Certificate Principal Balance of the Class 1-AV-1 Certificates on the Class 1-AV-1 Final Scheduled Distribution Date.

“**Class 1-AV-1 Principal Loss Amount**” means, as to any Distribution Date, the excess, if any, of the Certificate Principal Balance of the Class 1-AV-1 Certificates, after taking into account distributions in reduction of such Certificate Principal Balance from sources other than the Class 1-AV-1 Policy on such Distribution Date, over the aggregate Stated Principal Balance (as defined in the Pooling and Servicing Agreement) of the Mortgage Loans in Loan Group 2 for such Distribution Date.

“**Class 1-AV-1 Final Scheduled Distribution Date**” means the Distribution Date occurring in June 2035.

“**Class 1-AV-1 Reimbursement Amount**” means, as to any Distribution Date, the sum of (x) all Insured Payments and Avoided Payments paid by the Class 1-AV-1 Insurer, but for which the Class 1-AV-1 Insurer has not been reimbursed prior to such Distribution Date and (y) interest accrued on such Insured Payments and Avoided Payments not previously repaid calculated at the rate set forth in the insurance agreement.

“**Class 1-AV-1 Scheduled Payment**” means, with respect to any Distribution Date with respect to the Class 1-AV-1 Certificates during the Term of the Class 1-AV-1 Policy, (i) the Current Interest and Interest Carry Forward Amount due and payable on the Class 1-AV-1 Certificates for such Distribution Date and (ii) (A) for any Distribution Date earlier than the Class 1-AV-1 Final Scheduled Distribution Date, distributions allocated to reduce the Certificate Principal Balance of the Class 1-AV-1 Certificates in an amount at least sufficient to ensure that no Class 1-AV-1 Principal Loss Amount exists on such Distribution Date and (B) for the Class 1-AV-1 Final Scheduled Distribution Date, without duplication of the amount specified in clause (ii)(A), the Certificate Principal Balance of the Class 1-AV-1 Certificates outstanding on such Distribution Date, in each case, in accordance with the original terms of the Class 1-AV-1 Certificates and the Pooling and Servicing Agreement when the Class 1-AV-1



Certificates were issued and without regard to any subsequent amendment or modification of the Class 1-AV-1 Certificates or the Pooling and Servicing Agreement that has not been consented to in writing by the Class 1-AV-1 Insurer. Notwithstanding the foregoing, “Class 1-AV-1 Scheduled Payments” shall in no event include payments which become due on an accelerated basis as a result of any optional termination, in whole or in part, or any other cause, unless the Class 1-AV-1 Insurer elects, in its sole discretion, to pay such amounts in whole or in part (in which event Class 1-AV-1 Scheduled Payments shall include such accelerated payments as, when, and to the extent so elected by the Class 1-AV-1 Insurer). In the event that the Class 1-AV-1 Insurer does not make such election, “Class 1-AV-1 Scheduled Payments” shall include payments due in accordance with the original scheduled terms of the Class 1-AV-1 Certificates without regard to any acceleration. In addition, “Class 1-AV-1 Scheduled Payments” shall not include, nor shall coverage be provided under the Class 1-AV-1 Policy in respect of, (i) any amounts due in respect of the Class 1-AV-1 Certificates attributable to any increase in interest rate, penalty or other sum payable by the Trust by reason of any default or event of default in respect of the Class 1-AV-1 Certificates, or by reason of any deterioration of the creditworthiness of the Trust, (ii) any shortfalls relating to the Relief Act or similar state laws, (iii) any Net Rate Carryover, (iv) any Prepayment Interest Shortfalls or (v) any taxes, withholding or other charge imposed by any governmental authority due in connection with the payment of any Class 1-AV-1 Scheduled Payment to any holder or owner of a Class 1-AV-1 Certificate.

**“Insolvency Proceeding”** means the commencement after the Closing Date of any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings by or against any person, the commencement, after the date hereof, of any proceedings by or against any person for the winding up or liquidation of its affairs, or the consent, after the date hereof, to the appointment of a trustee, conservator, receiver or liquidator in any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings of or relating to any person.

**“Insured Amounts”** means, with respect to any Distribution Date and the Class 1-AV-1 Certificates, that portion of the Class 1-AV-1 Scheduled Payments that shall become due for payment but shall be unpaid by reason of Nonpayment on such Distribution Date (which shall be equal to the amount of any related Class 1-AV-1 Certificate Deficiency Amount).

**“Insured Payments”** means, with respect to any Distribution Date, the aggregate amount actually paid by the Class 1-AV-1 Insurer to the Trustee in respect of Insured Amounts for a Distribution Date.

**“Nonpayment”** means, with respect to any Distribution Date, the failure of the Trustee to receive in full, in accordance with the terms of the Pooling and Servicing Agreement, funds legally available to pay all or a portion of the Class 1-AV-1 Scheduled Payment that is due for payment with respect to such Distribution Date.

**“Term of the Class 1-AV-1 Policy”** means the period from and including the Closing Date to and including the first date on which (i) all Class 1-AV-1 Scheduled Payments have been paid that are required to be paid under the Pooling and Servicing Agreement; (ii) any period during which any Class 1-AV-1 Scheduled Payment could have been avoided in whole or in part as a preference payment under applicable bankruptcy, insolvency, receivership or similar law has expired, and (iii) if any proceedings requisite to avoidance as a preference payment have been commenced prior to the occurrence of (i) and (ii) above, a final and nonappealable order in resolution of each such proceeding has been entered; provided, further, that if the holders of Class 1-AV-1 Certificates are required to return any Avoided Payment as a result of such Insolvency Proceeding, then the Term of the Class 1-AV-1 Policy shall terminate on the date on which the Class 1-AV-1 Insurer has made all payments required to be made under the terms of the Class 1-AV-1 Policy in respect of all such Avoided Payments.

The Class 1-AV-1 Policy is issued under and will be construed under, the laws of the State of New York.

THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW DOES NOT COVER THE CLASS 1-AV-1 POLICY. THE FLORIDA INSURANCE GUARANTY ASSOCIATION CREATED UNDER PART II OF CHAPTER 631 OF THE FLORIDA INSURANCE CODE DOES NOT COVER THE CLASS 1-AV-1 POLICY. IN THE EVENT THAT THE CLASS 1-AV-1 INSURER WERE TO BECOME INSOLVENT, THE CALIFORNIA INSURANCE GUARANTY ASSOCIATION, ESTABLISHED PURSUANT TO ARTICLE 14.2 OF CHAPTER 1 OF PART 2

OF DIVISION I OF THE CALIFORNIA INSURANCE CODE EXCLUDES FROM COVERAGE ANY CLAIMS ARISING UNDER THIS POLICY.

The Class 1-AV-1 Policy is not cancelable. The premium on the Class 1-AV-1 Policy is not refundable for any reason including payment, or provision being made for payment, prior to maturity of the Class 1-AV-1 Certificates.

The Class 1-AV-1 Policy and the obligations of the Class 1-AV-1 Insurer thereunder will terminate without any action on the part of the Class 1-AV-1 Insurer or any other person on the last date of the Term of the Class 1-AV-1 Policy. Upon termination of the Class 1-AV-1 Policy, the Trustee is required to deliver the original of the Class 1-AV-1 Policy to the Class 1-AV-1 Insurer.

### **The Class 1-AV-1 Insurer**

The following information has been supplied by the Class 1-AV-1 Insurer for inclusion in this information circular. No representation is made by the Depositor, either Seller, the Master Servicer, the Trustee, the Co-Trustee or any of the Underwriters, or any of their respective affiliates, as to the accuracy or completeness of such information.

The Class 1-AV-1 Insurer accepts no responsibility for the accuracy or completeness of this information circular or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Class 1-AV-1 Insurer and its affiliates set forth under this heading. In addition, the Class 1-AV-1 Insurer makes no representation regarding the Certificates or the advisability of investing in the Certificates.

### *General Information*

XL Capital Assurance Inc. (the “**Class 1-AV-1 Insurer**” or “**XLCA**”) is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Class 1-AV-1 Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore. The Class 1-AV-1 Insurer has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

The Class 1-AV-1 Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation (“**XL Capital Ltd**”). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). **XL Capital Ltd is not obligated to pay the debts of or claims against the Class 1-AV-1 Insurer.**

The Class 1-AV-1 Insurer was formerly known as The London Assurance of America Inc. (“**London**”), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. (“**XL Re**”) acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

### *Reinsurance*

The Class 1-AV-1 Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd (“**XLFA**”), an insurance company organized under the laws of Bermuda, and an affiliate of the Class 1-AV-1 Insurer. Pursuant to this reinsurance agreement, the Class 1-AV-1 Insurer expects to cede up to 90% of its business to XLFA. The Class 1-AV-1 Insurer may also cede reinsurance to third parties on a transaction-

specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Class 1-AV-1 Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Class 1-AV-1 Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Class 1-AV-1 Policy.

Based on the audited financials of XLFA, as of December 31, 2003, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of \$831,762,000, \$401,123,000, \$39,000,000 and \$391,639,000, respectively, determined in accordance with generally accepted accounting principles in the United States. XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. ("**Fitch**") In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Class 1-AV-1 Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("**XLI**"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" by Moody's, "AA-" by S&P and "AA" by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Class 1-AV-1 Certificates, and are subject to revision or withdrawal at any time by Moody's, S&P or Fitch.

Notwithstanding the capital support provided to the Class 1-AV-1 Insurer described in this section, the Class 1-AV-1 Certificateholders will have direct recourse against the Class 1-AV-1 Insurer only, and neither XLFA nor XLI will be directly liable to the Class 1-AV-1 Certificateholders.

#### *Financial Strength and Financial Enhancement Ratings of XLCA*

The Class 1-AV-1 Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch. In addition, XLCA has obtained a financial enhancement rating of "AAA" from S&P. These ratings reflect Moody's, S&P's and Fitch's current assessment of the Class 1-AV-1 Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Class 1-AV-1 Certificates, and are subject to revision or withdrawal at any time by Moody's, S&P or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Class 1-AV-1 Certificates. The Class 1-AV-1 Insurer does not guaranty the market price of the Class 1-AV-1 Certificates nor does it guaranty that the ratings on the Class 1-AV-1 Certificates will not be revised or withdrawn.

#### *Capitalization of the Class 1-AV-1 Insurer*

Based on the audited statutory financial statements for XLCA as of December 31, 2003 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$329,701,823, total liabilities of \$121,635,535 and total capital and surplus of \$208,066,288 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("**SAP**"). Based on the audited statutory financial statements for XLCA as of December 31, 2002 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$180,993,189, total liabilities of \$58,685,217 and total capital and surplus of \$122,307,972 determined in accordance with SAP.

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this information circular. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "**Commission**") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this

information circular, or after the date of this information circular but prior to termination of the offering of the Class 1-AV-1 Certificates, shall be deemed incorporated by reference in this information circular. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

#### *Regulation of the Class 1-AV-1 Insurer*

The Class 1-AV-1 Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Class 1-AV-1 Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Class 1-AV-1 Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Class 1-AV-1 Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

**THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE CLASS 1-AV-1 INSURER, INCLUDING THE CLASS 1-AV-1 POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.**

The principal executive offices of the Class 1-AV-1 Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

#### *Subrogation of the Class 1-AV-1 Insurer*

The Class 1-AV-1 Insurer shall be subrogated to the rights of each holder of a Class 1-AV-1 Certificate to receive distributions on those Class 1-AV-1 Certificates to the extent of any payment by the Class 1-AV-1 Insurer under the Class 1-AV-1 Policy.

Pursuant to the terms of the Pooling and Servicing Agreement, unless the Class 1-AV-1 Insurer fails to make a required payment under the Class 1-AV-1 Policy, a proceeding in bankruptcy shall have been instituted by the Class 1-AV-1 Insurer or a decree or order for relief shall have been issued in respect of a proceeding in bankruptcy against the Class 1-AV-1 Insurer and shall remain unstayed for a period of 60 consecutive days, the Class 1-AV-1 Insurer will be entitled to exercise the Voting Rights of the Class 1-AV-1 Certificateholders, without the consent of the Class 1-AV-1 Certificateholders, and the Class 1-AV-1 Certificateholders may exercise such rights only with the prior written consent of the Class 1-AV-1 Insurer.

#### **Applied Realized Loss Amounts**

If on any Distribution Date, after giving effect to the distributions described above, the aggregate Certificate Principal Balance of the Class AF and Fixed Rate Subordinate Certificates exceeds the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 1, the amount of such excess will be applied to reduce the Certificate Principal Balances of the Class BF, Class MF-8, Class MF-7, Class MF-6, Class MF-5, Class MF-4, Class MF-3, Class MF-2 and Class MF-1 Certificates, in that order, in each case until the Certificate Principal Balance of such class has been reduced to zero.

If on any Distribution Date, after giving effect to the distributions described above, the aggregate Certificate Principal Balance of the Class AV Certificates and Adjustable Rate Subordinate Certificates exceeds the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3, the amount of such excess will be applied to reduce the Certificate Principal Balances of the Class BV, Class MV-8, Class MV-7, Class MV-6, Class MV-5, Class MV-4, Class MV-3, Class MV-2 and Class MV-1 Certificates, in that order, in each case until the Certificate Principal Balance of such class has been reduced to zero. Any such reduction described in this paragraph or the immediately preceding paragraph is an “*Applied Realized Loss Amount*.” Applied Realized Loss Amounts will not be allocated to the Senior Certificates.

Interest on any class of Certificates, the Certificate Principal Balance of which has been reduced through the application of Applied Realized Loss Amounts as described above, will accrue for the related class of Certificates on the Certificate Principal Balance as so reduced unless the Certificate Principal Balance is subsequently increased due to the allocation of Subsequent Recoveries to the Certificate Principal Balance of such class as described in the definition of “Certificate Principal Balance” above.

### **Amendment**

The Pooling and Servicing Agreement may be amended by the Depositor, the Master Servicer, the Sellers, the Guarantor, the Trustee and the Co-Trustee, with the consent of the NIM Insurer, but without the consent of any of the Certificateholders,

- (a) to cure any ambiguity;
- (b) to correct any defective provision in the Pooling and Servicing Agreement or to supplement any provision in the Pooling and Servicing Agreement that may be inconsistent with any other provision in it;
- (c) to modify, alter, amend, add or to rescind any of the terms or provisions contained in the Pooling and Servicing Agreement to comply with any rules or regulations promulgated by the Securities and Exchange Commission from time to time; or
- (d) to make any other revisions with respect to matters or questions arising under the Pooling and Servicing Agreement which are not inconsistent with the provisions in it;

provided, however, that such action will not adversely affect in any material respect the interests of any Certificateholder or the rights and interests of the Class 1-AV-1 Insurer without its consent, which consent shall not be unreasonably withheld. Any amendment described in clauses (a), (b), (c) and (d) above, made solely to conform the Pooling and Servicing Agreement to this information circular will be deemed not to materially and adversely affect the interests of Certificateholders. In addition, an amendment will be deemed not to adversely affect in any material respect the interests of the Certificateholders if the Trustee receives a letter from each Rating Agency stating that such amendment will not result in the downgrading or withdrawal of the respective ratings then assigned to the rated Certificates.

In addition, any of the foregoing amendments that affect Fannie Mae shall not be effective unless consented to by Fannie Mae.

The Pooling and Servicing Agreement may be amended by the Depositor, the Master Servicer, the Sellers, the Guarantor, the Trustee, the Co-Trustee and the holders of a majority in interest of each class of Certificates affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the Certificateholders; provided, however, that no such amendment may:

- (1) reduce in any manner the amount of, or delay the timing of, payments required to be distributed on any Certificate without the consent of the holder of such Certificate,

(2) adversely affect in any material respect the interests of the holders of any class of Certificates in a manner other than as set forth in clause (1) above, without the consent of the holders of Certificates of such class evidencing, as to such class, Percentage Interests aggregating 66%,

(3) reduce the aforesaid percentage of aggregate outstanding principal amounts of Certificates of each class, the holders of which are required to consent to any such amendment, without the consent of the holders of all Certificates of such class, or

(4) adversely affect in any material respects the interests of the Guarantor or the Class 1-AV-1 Insurer without its consent (which such consent shall, in the case of the Class 1-AV-1 Insurer, not be unreasonably withheld).

### **Optional Termination**

The Master Servicer will have the right to purchase all remaining Mortgage Loans and REO Properties in the Trust Fund and thereby effect early retirement of all the Certificates, on any Distribution Date on or after the first Distribution Date on which the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties in the Trust Fund is less than or equal to 10% of the sum of the Initial Cut-off Date Pool Principal Balance and the Pre-Funded Amount (the “**Optional Termination Date**”). In the event such option is exercised by the Master Servicer, the purchase will be made at a price equal to the sum of:

(1) 100% of the Stated Principal Balance of each Mortgage Loan in the Trust Fund (other than in respect of REO Property) plus accrued interest thereon at the applicable Net Mortgage Rate, and

(2) the appraised value of any REO Property (up to the Stated Principal Balance of the related Mortgage Loan) in the Trust Fund;

provided, however, that (i) unless the NIM Insurer otherwise consents, the purchase price will in no event be less than an amount that would result in a final distribution on any NIM Insurer guaranteed notes that is sufficient to pay such notes in full and (y) payment of any amounts due and payable to the NIM Insurer pursuant to the indenture related to such notes, (ii) unless the Class 1-AV-1 Insurer otherwise consents, the purchase price will in no event be less than an amount that would result in (x) a final distribution to the Class 1-AV-1 Certificates that is sufficient to pay the Class 1-AV-1 Certificates in full and (y) payment of any amounts due and payable to the Class 1-AV-1 Insurer pursuant to the Pooling and Servicing Agreement and (iii) unless the Guarantor otherwise consents, the purchase price will in no event be less than an amount that would result in (x) a final distribution to the Class 1-AV-1 Certificates that is sufficient to pay the Class 1-AV-1 Certificates in full and (y) payment of any amounts due and payable to the Guarantor pursuant to the Pooling and Servicing Agreement.

The NIM Insurer may also have the right to purchase all remaining Mortgage Loans and REO Properties in the Trust Fund.

Proceeds from a purchase will be distributed to the Certificateholders, the Guarantor and the Class 1-AV-1 Insurer in the priority described above. The proceeds from any such distribution may not be sufficient to distribute the full amount to which each class of Certificates is entitled if the purchase price is based in part on the appraised value of any REO Property and such appraised value is less than the Stated Principal Balance of the related Mortgage Loan. Any purchase of the Mortgage Loans and REO Properties will result in an early retirement of the Certificates.

### **Optional Purchase of Defaulted Loans**

As to any Mortgage Loan which is delinquent in payment by 150 days or more, the Master Servicer may, at its option but subject to certain conditions specified in the Pooling and Servicing Agreement, purchase such Mortgage Loan at a price equal to 100% of the Stated Principal Balance thereof plus accrued interest thereon at the applicable Mortgage Rate (less the Servicing Fee Rate) from the date through which interest was last paid by the

related mortgagor or advanced to the first day of the month in which such amount is to be distributed to Certificateholders.

### **Optional Purchase of Defaulted Loans by the Guarantor After Retirement of the Class BV Certificates**

After the Certificate Principal Balance of the Class BV Certificates has been reduced to zero, the Guarantor may, at its option but subject to certain conditions specified in the Pooling and Servicing Agreement, purchase any Mortgage Loan in Loan Group 2 that is delinquent in payment by 90 days or more, at a price equal to 100% of the Stated Principal Balance thereof plus accrued interest thereon at the applicable Mortgage Rate, from the date through which interest was last paid by the related mortgagor or advanced to the first day of the month in which such amount is to be distributed to Certificateholders. In addition, after the Certificate Principal Balance of the Class BV Certificates has been reduced to zero, the Guarantor may direct the Master Servicer to appoint a special servicer for the Mortgage Loans in Loan Group 2 that are delinquent in payment by 90 days or more.

### **Events of Default**

Events of Default will consist of:

- (1) any failure by the Master Servicer to deposit in the Certificate Account or the Distribution Account the required amounts or remit to the Trustee any payment (including an Advance required to be made under the terms of the Pooling and Servicing Agreement) which continues unremedied for five calendar days (or in the case of an Advance, one Business Day) after written notice of such failure shall have been given to the Master Servicer by the Trustee, the NIM Insurer, the Guarantor or the Depositor, or to the Trustee, the NIM Insurer and the Master Servicer by the Guarantor or the holders of Certificates evidencing not less than 25% of the Voting Rights,
- (2) any failure by the Master Servicer to observe or perform in any material respect any other of its covenants or agreements, or any breach of a representation or warranty made by the Master Servicer, in the Pooling and Servicing Agreement, which in each case continues unremedied for 60 days after the giving of written notice of such failure to the Master Servicer by the Trustee, the NIM Insurer or the Depositor, or to the Trustee by the Guarantor or the holders of Certificates evidencing not less than 25% of the Voting Rights,
- (3) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 consecutive days,
- (4) the Master Servicer shall consent to the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Master Servicer or all or substantially all of the property of the Master Servicer,
- (5) the Master Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of, or commence a voluntary case under, any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations, or
- (6) the Master Servicer shall fail to reimburse, in full, the Trustee not later than 6:00 p.m. (New York time) on the Business Day following the related Distribution Date for any Advance made by the Trustee together with accrued and unpaid interest.

As of any date of determination:

- holders of the Class PF, Class PV, Class CF, Class CV and Class A-R Certificates will each be allocated 1% of all voting rights in respect of the Certificates (collectively, the “**Voting Rights**”) (for a total of 5% of the Voting Rights), and
- holders of the other classes of Certificates will be allocated the remaining Voting Rights in proportion to their respective outstanding Certificate Principal Balances.

However, unless a Class 1-AV-1 Insurer Default has occurred and is continuing with respect to the Class 1-AV-1 Certificates, on any date on which the Class 1-AV-1 Certificates are outstanding or any amounts are owing to the Class 1-AV-1 Insurer, the Class 1-AV-1 Insurer will have all the Voting Rights of the Class 1-AV-1 Certificates. Moreover, unless the Guarantor defaults in its obligation under the Guaranty, on any date on which (i) a Certificate Insurer Default has occurred and is continuing and (ii) either (a) the Class 1-AV-1 Certificates are outstanding or (b) any amounts are owing to the Guarantor, the Guarantor will have all the voting rights of the holders of the Class 1-AV-1 Certificates.

### **Rights Upon Event of Default**

So long as an Event of Default under the Pooling and Servicing Agreement remains unremedied, the Trustee shall, but only upon (i) the receipt of instructions from the NIM Insurer or from holders of Certificates having not less than 25% of the Voting Rights (in each case subject to the consent of the Guarantor and the Class 1-AV-1 Insurer) or (ii) the direction of the Guarantor (subject to the consent of the Class 1-AV-1 Insurer unless a Certificate Insurer Default has occurred and is continuing), terminate all of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement and in and to the Mortgage Loans, whereupon the Trustee will succeed to all of the responsibilities and duties of the Master Servicer under the Pooling and Servicing Agreement, including the obligation to make Advances. No assurance can be given that termination of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans.

No Certificateholder, solely by virtue of such holder’s status as a Certificateholder, will have any right under the Pooling and Servicing Agreement to institute any proceeding with respect thereto, unless such holder previously has given to the Trustee written notice of the continuation of an Event of Default and unless the holders of Certificates having not less than 25% of the Voting Rights have made a written request to the Trustee to institute such proceeding in its own name as Trustee thereunder and have offered to the Trustee reasonable indemnity and the Trustee for 60 days has neglected or refused to institute any such proceeding and in such case such rights shall be subject to the rights of the NIM Insurer.

### **The Trustee**

The Bank of New York will be the Trustee under the Pooling and Servicing Agreement. The Depositor and Countrywide Home Loans may maintain other banking relationships in the ordinary course of business with the Trustee. The Class 1-AV-1 Certificates may be surrendered at the Corporate Trust Office of the Trustee located at 101 Barclay Street, New York, New York 10286, Attention: Corporate Trust MBS Administration or at such other addresses as the Trustee may designate from time to time.

### **Co-Trustee**

The Bank of New York Trust Company, N.A. will be the Co-Trustee under the Pooling and Servicing Agreement. The Depositor and Countrywide Home Loans may maintain other banking relationships in the ordinary course of business with the Co-Trustee.



## **Rights of the NIM Insurer Under the Pooling and Servicing Agreement**

After the closing date, a separate trust or trusts may be established to issue net interest margin securities secured by all or a portion of the Class PF, Class PV, Class CF and Class CV Certificates. Those net interest margin securities may or may not have the benefit of a financial guaranty insurance policy. The insurer or insurers (the “**NIM Insurer**”) that would issue a policy will be a third party beneficiary of the Pooling and Servicing Agreement and, subject to certain conditions specified in the Pooling and Servicing Agreement, will have a number of rights including the following:

- the right to consent to the Master Servicer’s exercise of its discretion to waive assumption fees, late payment or other charges in connection with a Mortgage Loan or to arrange for the extension of due dates for payments due on a mortgage note for no more than 270 days, if the waivers or extensions relate to more than 5% of the Mortgage Loans;
- the right to direct the Trustee to terminate all of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement relating to the Trust Fund and the assets of the Trust Fund following the occurrence of an event of default under the Pooling and Servicing Agreement;
- the right to approve or reject the appointment of any successor servicer other than the Trustee, if the Master Servicer is required to be replaced and the Trustee is unwilling or unable to act as successor servicer; and
- the right to consent to any amendment to the Pooling and Servicing Agreement.

You should note the rights that the NIM Insurer would have and carefully evaluate its potential impact on your investment.

## **CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS**

The following discussion contains summaries, which are general in nature, of certain legal matters relating to the Mortgage Loans. Because such legal aspects are governed primarily by applicable state law (which laws may differ substantially), the descriptions do not, except as expressly provided below, reflect the laws of any particular state, nor encompass the laws of all states in which the security for the Mortgage Loans is situated. The descriptions are qualified in their entirety by reference to the applicable federal laws and the appropriate laws of the states in which loans may be originated.

### **Due-On-Sale Clauses**

Generally, each Mortgage Loan contains a due-on-sale clause which will generally provide that if the mortgagor sells, transfers or conveys the Mortgaged Property, the loan may be accelerated by the lender. Court decisions and legislative actions have placed substantial restriction on the right of lenders to enforce such clauses in many states. For instance, the California Supreme Court in August 1978 held that due-on-sale clauses were generally unenforceable. However, the Garn-St Germain Depository Institutions Act of 1982 (the “**Garn-St Germain Act**”), subject to certain exceptions, preempts state constitutional, statutory and case law prohibiting the enforcement of due-on-sale clauses. As a result, due-on-sale clauses have become generally enforceable except in those states whose legislatures exercised their authority to regulate the enforceability of such clauses with respect to mortgage loans that were originated by lenders other than national banks, federal savings institutions and federal credit unions. Also, the Garn-St Germain Act does “encourage” lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

As to mortgage loans secured by an owner-occupied residence, the Garn-St Germain Act sets forth nine specific instances in which a lender covered by the act may not exercise its rights under a due-on-sale clause, notwithstanding the fact that a transfer of the mortgaged property may have occurred. The inability to enforce a due-on-sale clause may result in transfer of the related mortgaged property to an uncreditworthy person, which could increase the likelihood of default or may result in a mortgage loan bearing an interest rate below the current market

rate being assumed by a new home buyer, which may affect the average life of the mortgage loans and the number of mortgage loans which may extend to maturity.

In addition, under federal bankruptcy law, due-on-sale clauses may not be enforceable in bankruptcy proceedings and may, under certain circumstances, be eliminated in any modified mortgage resulting from such bankruptcy proceeding.

### **Enforceability of Prepayment and Late Payment Fees**

Forms of notes, mortgages and deeds of trust used by lenders may contain provisions obligating the borrower to pay a late charge if payments are not timely made, and in some circumstances may provide for prepayment fees or penalties if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon the late charges which a lender may collect from a borrower for delinquent payments. Certain states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. Under certain state laws, prepayment charges may not be imposed after a certain period of time following the origination of mortgage loans with respect to prepayments on loans secured by liens encumbering owner-occupied residential properties. Late charges and prepayment fees are typically retained by servicers as additional servicing compensation.

### **Anti-Deficiency Legislation and Other Limitations On Lenders**

Certain states have imposed statutory and judicial restrictions that limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states, including California, statutes and case law limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against borrowers financing the purchase of their residence or following sale under a deed of trust or certain other foreclosure proceedings. A deficiency judgment is a personal judgment against the borrower equal in most cases to the difference between the amount due to the lender and the fair market value of the real property at the time of the foreclosure sale. In certain states, including California, if a lender simultaneously originates a loan secured by a senior lien on a particular property and a loan secured by a junior lien on the same property, such a lender as the holder of the junior lien may be precluded from obtaining a deficiency judgment with respect to the excess of the aggregate amount owed under both such loans over the proceeds of any sale under a deed of trust or other foreclosure proceedings. As a result of these prohibitions, it is anticipated that in most instances the Master Servicer will utilize the non-judicial foreclosure remedy and will not seek deficiency judgments against defaulting borrowers.

Some state statutes require the beneficiary or mortgagee to exhaust the security afforded under a deed of trust or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower. In certain other states, the lender has the option of bringing a personal action against the borrower on the debt without first exhausting such security; however, in some of these states, the lender, following judgment on such personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, when applicable, is that lenders will usually proceed first against the security rather than bringing a personal action against the borrower. In some states, exceptions to the anti-deficiency statutes are provided for in certain instances where the value of the lender's security has been impaired by acts or omissions of the borrower, for example, in the event of waste of the property. Finally, other statutory provisions limit any deficiency judgment against the former borrower following a foreclosure sale to the excess of the outstanding debt over the fair market value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary or a mortgagee from obtaining a large deficiency judgment against the former borrower as a result of low or no bids at the foreclosure sale.

Generally, Article 9 of the Uniform Commercial Code (the "*UCC*") governs foreclosure on cooperative shares and the related proprietary lease or occupancy agreement. Sections 9-615 or 9-626 of the UCC may prohibit a deficiency award unless the creditor establishes that the sale of the collateral (which, in the case of a cooperative loan, would be the shares of the cooperative and the related proprietary lease or occupancy agreement) was conducted in a commercially reasonable manner.

In addition to anti-deficiency and related legislation, numerous other federal and state statutory provisions, including the federal bankruptcy laws, and state laws affording relief to debtors, may interfere with or affect the

ability of the secured mortgage lender to realize upon its security. For example, in a proceeding under the federal Bankruptcy Code, a lender may not foreclose on a mortgaged property without the permission of the bankruptcy court. The rehabilitation plan proposed by the debtor may provide, if the mortgaged property is not the debtor's principal residence and the court determines that the value of the mortgaged property is less than the principal balance of the mortgage loan, for the reduction of the secured indebtedness to the value of the mortgaged property as of the date of the commencement of the bankruptcy, rendering the lender a general unsecured creditor for the difference, and also may reduce the monthly payments due under such mortgage loan, change the rate of interest and alter the mortgage loan repayment schedule. The effect of any such proceedings under the federal Bankruptcy Code, including but not limited to any automatic stay, could result in delays in receiving payments on the Mortgage Loans and possible reductions in the aggregate amount of such payments.

The federal tax laws provide priority to certain tax liens over the lien of a mortgage or secured party.

### **Servicemembers Civil Relief Act**

Generally, under the terms of the Servicemembers Civil Relief Act (the “**Relief Act**”), a borrower who enters military service after the origination of such borrower's loan (including a borrower who is a member of the National Guard or is in reserve status at the time of the origination of the loan and is later called to active duty) may not be charged interest above an annual rate of 6% during the period of such borrower's active duty status, unless a court orders otherwise upon application of the lender. It is possible that such interest rate limitation could have an effect, for an indeterminate period of time, on the ability of the Master Servicer to collect full amounts of interest on certain of the loans. The Relief Act also permits the extension of a loan's maturity and the re-adjustment of its payment schedule beyond the completion of military service. Thus, in the event that a Mortgage Loan that is subject to the Relief Act goes into default, there may be delays and losses on the Mortgage Loan occasioned by the inability to realize upon the Mortgaged Property in a timely fashion.

### **Consumer Protection Laws**

Numerous federal and state consumer protection laws impose substantive requirements upon mortgage lenders in connection with the origination, servicing and enforcement of mortgage loans. These laws include the federal Truth-in-Lending Act and Regulation Z promulgated thereunder, Real Estate Settlement Procedures Act and Regulation B promulgated thereunder, Equal Credit Opportunity Act, Fair Credit Billing Act, Fair Credit Reporting Act and related statutes and regulations. In particular, Regulation Z, requires certain disclosures to the borrowers regarding the terms of the loans; the Equal Credit Opportunity Act and Regulation B promulgated thereunder prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; the Fair Credit Reporting Act regulates the use and reporting of information related to the borrower's credit experience. Certain provisions of these laws impose specific statutory liabilities upon lenders who fail to comply therewith. In addition, violations of such laws may limit the ability of the lenders to collect all or part of the principal of or interest on the loans and could subject the lenders and in some cases their assignees to damages and administrative enforcement.

## **YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS**

### **General**

The weighted average life of, and the yield to maturity on, the Class 1-AV-1 Certificates generally will be directly related to the rate of payment of principal (including prepayments) of the Mortgage Loans in Loan Group 2. The actual rate of principal prepayments on the mortgage loans is influenced by a variety of economic, tax, geographic, demographic, social, legal and other factors and has fluctuated considerably in recent years. In addition, the rate of principal prepayments may differ among pools of mortgage loans at any time because of specific factors relating to the mortgage loans in the particular pool, including, among other things, the age of the mortgage loans, the geographic locations of the properties securing the loans, the extent of the mortgagor's equity in such properties, and changes in the mortgagors' housing needs, job transfers and employment status. Furthermore, as described under “*The Mortgage Pool — Assignment of the Mortgage Loans*” with respect to up to 50% of the Initial Mortgage Loans and 90% of the Subsequent Mortgage Loans (the “**Delay Delivery Mortgage Loans**”), the Depositor may

deliver the related Trustee's Mortgage Files after the Closing Date. Should a Seller fail to deliver to the Depositor or other designee of the Depositor all or a portion of any such Trustee's Mortgage Files relating to Mortgage Loans sold by it, or, at the Depositor's direction, to the Co-Trustee within the time periods described under "*The Mortgage Pool — Assignment of the Mortgage Loans*", Countrywide Home Loans will be required to use its best efforts to deliver a Substitute Mortgage Loan for the related Delay Delivery Mortgage Loan or repurchase the related Delay Delivery Mortgage Loan. Any repurchases pursuant to this provision would also have the effect of accelerating the rate of prepayments on the Mortgage Loans. In addition, no less than approximately 76.32%, 66.51% and 66.45% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by principal balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group, require the payment of a prepayment charge in connection with certain prepayments, generally no later than the first five years in the case of the Mortgage Loans in Loan Group 1 or two or three years in the case of the Mortgage Loans in Loan Group 2 and Loan Group 3, in each case following origination of the related Mortgage Loan. These penalties, if enforced by the Master Servicer, may affect the rate of prepayments on the Mortgage Loans.

In addition, no less than approximately 9.63%, 24.03% and 31.90% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by principal balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group are interest-only mortgage loans and do not provide for any payments of principal for an extended period following their origination. These Mortgage Loans may involve a greater degree of risk because, if the related mortgagor defaults, the outstanding principal balance of the Mortgage Loans will be higher than for amortizing Mortgage Loans. During their interest only periods, these Mortgage Loans may be less likely to prepay as the interest only feature may reduce the perceived benefits of refinancing due to the smaller monthly payment. However, as an interest only mortgage loan approaches the end of its interest only period, it may be more likely to be prepaid, even if market interest rates at the time are only slightly higher or lower than the interest rate on the interest only mortgage loans as the related borrowers seek to avoid increases in their respective monthly mortgage payment.

The timing of changes in the rate of prepayments may significantly affect the actual yield to investors who purchase the Class 1-AV-1 Certificates at prices other than par, even if the average rate of principal prepayments is consistent with the expectations of investors. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Class 1-AV-1 Certificates may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. Investors must make their own decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase any of the Class 1-AV-1 Certificates. The Depositor does not make any representations or warranties as to the rate of prepayment or the factors to be considered in connection with such determinations.

### **Prepayments and Yields for the Class 1-AV-1 Certificates**

The extent to which the yield to maturity of the Class 1-AV-1 Certificates may vary from the anticipated yield will depend upon the degree to which it is purchased at a discount or premium and, correspondingly, the degree to which the timing of payments thereon is sensitive to prepayments, liquidations and purchases of the Mortgage Loans in the related Loan Group. In particular, in the case of a Class 1-AV-1 Certificate purchased at a discount, an investor should consider the risk that a slower than anticipated rate of principal payments, liquidations and purchases of the applicable Mortgage Loans could result in an actual yield to such investor that is lower than the anticipated yield and, in the case of a Class 1-AV-1 Certificate purchased at a premium, the risk that a faster than anticipated rate of principal payments, liquidations and purchases of such Mortgage Loans could result in an actual yield to such investor that is lower than the anticipated yield.

Adjustable rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, adjustable rate mortgage loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed rate mortgage loans at lower interest rates may encourage mortgagors to refinance their adjustable rate mortgage loans to a lower fixed interest rate. Prepayments on the Two-Year Hybrid and Three-Year Hybrid

Mortgage Loans may differ as they approach their respective initial Adjustment Dates. No assurance can be given as to the level of prepayment that the Adjustable Rate Mortgage Loans will experience.

Although the Mortgage Rates on the Adjustable Rate Mortgage Loans are subject to adjustment, such Mortgage Rates adjust less frequently than the Pass-Through Rates on the Class AV Certificates and the Adjustable Rate Subordinate Certificates and adjust by reference to the Mortgage Index. Changes in One-Month LIBOR may not correlate with changes in the Mortgage Index and also may not correlate with prevailing interest rates. It is possible that an increased level of One-Month LIBOR could occur simultaneously with a lower level of prevailing interest rates which would be expected to result in faster prepayments, thereby reducing the weighted average life of the Class 1-AV-1 Certificates. The Mortgage Rate applicable to all or substantially all of the Adjustable Rate Mortgage Loans and any Adjustment Date will be based on the Mortgage Index value most recently announced generally as of a date 45 days prior to such Adjustment Date. Thus, if the Mortgage Index value with respect to an Adjustable Rate Mortgage Loan rises, the lag in time before the corresponding Mortgage Rate increases will, all other things being equal, slow the upward adjustment of the applicable Net Rate Cap. In addition, it is expected that a substantial portion of the Adjustable Rate Mortgage Loans will have Mortgage Rates which will not adjust for a substantial period of time after origination. See “*The Mortgage Pool*” in this information circular.

The Corridor Contracts will be assigned to the Trust Fund and are intended to provide the Class AF-1 Certificates, Class 1-AV-1 Certificates, Class 2-AV Certificates and the Adjustable Rate Subordinate Certificates some protection against any Net Rate Carryover. However, payments under each Corridor Contract are based on their respective Corridor Contract Notional Balances and not on the actual Stated Principal Balances of the Mortgage Loans. Therefore, the Corridor Contracts may not provide sufficient funds to cover such Net Rate Carryover. In addition, payments under the Corridor Contracts are limited to a corridor of specified rates, which is substantially higher than the rate of One-Month LIBOR as of the date of this information circular and are only available to the Certificates to the extent described under “*Description of the Certificates — The Corridor Contracts*” above.

Although amounts received on the Corridor Contracts will be available to pay Net Rate Carryover on the related Certificates to the extent described under “*Description of the Certificates — Distributions — Distributions of Interest — Distributions of Funds from the Corridor Contracts*” above, on or prior to their respective Corridor Contract Termination Dates, there is no assurance that funds will be available or sufficient to pay such amounts.

### **Last Scheduled Distribution Date**

Assuming that, among other things, (1) no prepayments are received on the Mortgage Loans and (2) scheduled monthly payments of principal of and interest on each of the Mortgage Loans are timely received, the Distribution Date (the “***Last Scheduled Distribution Date***”) that occurs six months following the distribution date on which the Certificate Principal Balance of the Class 1-AV-1 Certificates would be reduced to zero is June 2035.

The actual final Distribution Date of the Class 1-AV-1 Certificates could occur significantly earlier than its Last Scheduled Distribution Date because:

- (1) prepayments are likely to occur which will be applied to the payment of the Certificate Principal Balance thereof, and
- (2) the Master Servicer may purchase all the Mortgage Loans in the Trust Fund when the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties in the Trust Fund is less than or equal to 10% of the sum of the Initial Cut-off Date Pool Principal Balance and the Pre-Funded Amount.

Prepayments on mortgage loans are commonly measured relative to a prepayment model or standard. The prepayment models used in this information circular (“***Prepayment Models***”) are based on an assumed rate of prepayment each month of the then unpaid principal balance of a pool of mortgage loans similar to the Mortgage Loans in each Loan Group. For the Fixed Rate Mortgage Loans, the Prepayment Model used in this information circular (the “***Fixed Rate Prepayment Vector***” or “***FRPV***”) is a prepayment assumption which represents an

assumed rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans for the life of such mortgage loans. For example, a 100% FRPV assumes a constant prepayment rate (“**CPR**”) of 2.0% per annum of the then outstanding principal balance of the Fixed Rate Mortgage Loans in the first month of the life of such Mortgage Loans and an additional 2.0% per annum (i.e., 1/10 of the final per annum rate) in each month thereafter up to and including the tenth month. Beginning in the eleventh month and in each month thereafter during the life of such Fixed Rate Mortgage Loans, a 100% FRPV assumes a CPR of 20% per annum. For the Adjustable Rate Mortgage Loans, the Prepayment Model used in this information circular (“**Adjustable Rate Prepayment Vector**” or “**ARPV**”) is a prepayment assumption which represents an assumed rate of the prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans for the life of the mortgage loans. 100% ARPV assumes 4% CPR in month 1, an additional 1/11th of 16% CPR for each month thereafter, increasing to 20% CPR in month 12 and remaining constant at 20% CPR until month 26, increasing to and remaining constant at 60% CPR from month 27 until month 30 and decreasing to and remaining constant at 32% CPR from month 31 and thereafter; provided, however, the prepayment rate will not exceed 85% CPR in any period for any given percentage of ARPV. As used in the tables, 100% of the Prepayment Model means 100% FRPV and 100% ARPV as applicable.

There is no assurance, however, that prepayments on the Mortgage Loans will conform to any level of the Prepayment Model, and no representation is made that the Mortgage Loans will prepay at the prepayment rates shown or any other prepayment rate. The rate of principal payments on mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates. Other factors affecting prepayment of mortgage loans include changes in obligors’ housing needs, job transfers and unemployment. In the case of mortgage loans in general, if prevailing interest rates fall significantly below the interest rates on such mortgage loans, the mortgage loans are likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the rates borne by such mortgage loans. Conversely, if prevailing interest rates rise above the interest on such mortgage loans, the rate of prepayment would be expected to decrease.

The percentages listed in the following tables of the initial Certificate Principal Balance of the Class 1-AV-1 Certificates outstanding at the respective percentages of the Prepayment Model have been rounded to the nearest whole percentages. The weighted average life of each Certificate is determined by (a) multiplying the amount of each principal payment by the number of years from the date of issuance to the related Distribution Date, (b) adding the results, and (c) dividing the sum by the initial respective Certificate Principal Balance for such class of Certificates. The following tables have been prepared on the basis of the following assumptions (collectively, the “**Modeling Assumptions**”):

- (1) the Mortgage Loans prepay at the indicated percentage of the related Prepayment Model,
- (2) distributions on the Class 1-AV-1 Certificates are received, in cash, on the 25th day of each month, commencing in January 2005, in accordance with the payment priorities defined in this information circular,
- (3) no defaults or delinquencies in, or modifications, waivers or amendments respecting, the payment by the mortgagors of principal and interest on the Mortgage Loans occur,
- (4) for all Initial Mortgage Loans, Scheduled Payments are assumed to be received on the first day of each month commencing in January 2005, and prepayments represent payment in full of individual Mortgage Loans and are assumed to be received on the last day of each month, commencing in December 2004, and include 30 days’ interest thereon,
- (5) the level of the Mortgage Index remains constant at 2.710% per annum, and the level of One-Month LIBOR remains constant at 2.407% per annum,
- (6) the Pass-Through Margin for the Class 1-AV-1 Certificates remains constant at the rates applicable on or prior to the Optional Termination Date and the Pass-Through Margin for such Certificates is adjusted accordingly on any Distribution Date after the Optional Termination Date,

- (7) the Closing Date for the Certificates is December 30, 2004,
- (8) the Mortgage Rate for each Adjustable Rate Mortgage Loan is adjusted on its next Adjustment Date (and on subsequent Adjustment Dates, if necessary) to equal the sum of
- (a) the assumed level of the Mortgage Index, and
  - (b) the respective Gross Margin (such sum being subject to the applicable periodic adjustment caps and floors and the applicable lifetime adjustment caps and floors),
- (9) except as indicated with respect to the weighted average lives, the optional termination is exercised on the Optional Termination Date,
- (10) the scheduled monthly payment for each Mortgage Loan, except for the interest-only Mortgage Loans during their respective interest-only periods, is calculated based on its principal balance, mortgage rate and remaining amortization term to maturity so that each Mortgage Loan will amortize in amounts sufficient to repay the remaining principal balance of such Mortgage Loan by its remaining term to maturity (except in the case of balloon loans), as indicated in the table below,
- (11) any Mortgage Loan with a remaining interest-only term greater than zero does not amortize during the remaining interest-only term, and at the end of the remaining interest-only term, any such Mortgage Loan will amortize in amounts sufficient to repay the current balance of any Mortgage Loan over the remaining term to maturity calculated at the expiration of the remaining interest-only term based on the applicable amortization method,
- (12) scheduled monthly payments on each Adjustable Rate Mortgage Loan will be adjusted in the month immediately following each related interest adjustment date (as necessary) for such Mortgage Loan to equal the fully amortizing payment described above,
- (13) the scheduled amortization for all Mortgage Loans is based upon their respective gross interest rates and the interest rate on each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history,
- (14) all of the Pre-Funded Amount, if any, is used to purchase Subsequent Mortgage Loans for inclusion on the Closing Date, and
- (15) each Loan Group consists of Mortgage Loans having the approximate characteristics described below:

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## Loan Group 1 Mortgage Loans

Principal Balance(\$)	Adjusted Net Mortgage Rate (%) (1)	Gross Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature	Amortization Method
153,170.06	5.391000	5.900000	119	119	N/A	1	No	Level
91,961.79	7.416000	7.925000	119	119	N/A	1	No	Level
10,924,572.08	6.659575	7.168575	180	180	N/A	0	No	Level
507,260.47	6.972626	7.481626	180	180	N/A	0	Yes	Level
688,734.44	6.381663	6.890663	180	180	N/A	0	No	Level
446,010.15	5.825930	6.334930	179	179	N/A	1	No	Level
4,259,854.14	6.743782	7.252782	180	180	N/A	0	No	Level
88,066.05	9.741000	10.250000	180	180	N/A	0	No	Level
322,411.19	6.991000	7.500000	178	178	N/A	2	No	Level
197,743.52	7.241000	7.750000	180	180	N/A	0	Yes	Level
8,080,602.93	6.629570	7.138570	180	180	N/A	0	No	Level
197,509.78	6.241000	6.750000	179	179	N/A	1	No	Level
129,101.06	8.442392	8.951392	236	236	N/A	4	No	Level
152,985.74	6.991000	7.500000	236	236	N/A	3	No	Level
267,026.73	6.391000	6.900000	237	237	N/A	2	No	Level
72,673,105.08	6.563084	7.072084	360	360	N/A	0	No	Level
3,854,871.34	7.268271	7.777271	360	360	N/A	0	Yes	Level
15,437,920.75	6.347904	6.856904	360	360	N/A	0	No	Level
3,092,500.14	6.209641	6.718641	359	359	N/A	1	No	Level
6,319,082.66	6.182882	6.691882	360	360	N/A	0	No	Level
77,749.91	8.741000	9.250000	359	359	N/A	1	No	Level
71,854,937.39	6.247571	6.756571	359	359	N/A	1	No	Level
238,762.42	6.641000	7.150000	359	359	N/A	1	No	Level
1,104,684.27	6.744883	7.253883	346	346	N/A	14	No	Level
580,064.79	6.714816	7.223816	359	359	N/A	1	No	Level
2,469,525.15	6.757172	7.266172	359	359	N/A	1	Yes	Level
148,546,701.26	6.068144	6.577144	360	360	N/A	0	No	Level
101,619.79	5.741000	6.250000	359	359	N/A	1	No	Level
259,402.47	5.991000	6.500000	353	353	N/A	5	No	Level
573,021.68	7.750056	8.259056	359	359	N/A	1	No	Level
2,967,417.71	6.201255	6.710255	359	359	N/A	1	No	Level
4,831,370.28	7.317965	7.826965	359	359	N/A	1	Yes	Level
6,769,581.48	6.270105	6.779105	300	359	60	1	No	Level
1,428,893.11	6.208569	6.717569	300	359	60	1	No	Level
334,651.00	6.241000	6.750000	300	359	60	1	No	Level
280,710.55	5.791000	6.300000	300	359	60	1	No	Level
10,104,514.07	6.079262	6.588262	300	359	60	1	No	Level
19,452,467.59	5.940420	6.449420	300	360	60	0	No	Level
139,434.98	6.991000	7.500000	300	359	60	1	No	Level

- (1) In the above table, the Adjustable Net Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Gross Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (2) In the above table, the Gross Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Gross Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.



## Loan Group 2 Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Gross Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Initial Periodic Cap (%)	Subsequent Periodic Cap (%)	Gross Margin (%)	Life Cap (%)	Life Floor (%)	Months to Next Rate Adjustment	Reset Frequency (months)
343,327.50	5.991000	6.500000	358	358	N/A	2	1.000000	1.000000	7.000000	13.500000	6.500000	4	6
5,164,819.07	7.085845	7.594845	358	358	N/A	2	2.456689	1.206359	6.682798	14.095632	7.487840	22	6
837,483.92	7.272532	7.781532	359	359	N/A	1	2.513442	1.162186	7.649482	14.105904	7.649482	23	6
1,177,824.89	6.997320	7.506320	358	358	N/A	2	2.093372	1.151578	6.748895	13.922450	7.506320	22	6
19,672,053.12	6.381577	6.890577	359	359	N/A	1	1.985918	1.365839	6.494455	13.644915	6.865095	23	6
117,700.48	6.791000	7.300000	359	359	N/A	1	3.000000	1.500000	6.320000	14.300000	7.300000	23	6
200,099.82	7.091000	7.600000	359	359	N/A	1	3.000000	1.500000	6.620000	14.600000	7.600000	23	6
2,983,610.91	6.492810	7.001810	359	359	N/A	1	2.514642	1.183981	6.781120	13.369772	7.001810	23	6
185,390.61	7.241000	7.750000	359	359	N/A	1	1.500000	1.500000	7.750000	14.750000	7.750000	23	6
454,831.65	6.991000	7.500000	357	357	N/A	3	3.000000	1.000000	6.750000	13.500000	7.500000	21	6
585,164.41	7.449174	7.958174	336	359	24	1	1.500000	1.500000	7.579676	14.958174	7.958174	23	6
8,417,601.45	6.221829	6.730829	336	359	24	1	1.739320	1.420227	6.055251	13.675730	6.730829	23	6
1,309,985.33	6.380933	6.889933	336	358	24	2	2.770926	1.076358	6.284370	13.587126	6.889933	22	6
194,788,761.57	6.881599	7.390599	360	360	N/A	0	1.586050	1.475023	6.740049	14.347314	7.387723	36	6
302,773.70	6.091000	6.600000	358	358	N/A	2	3.000000	1.500000	6.400000	13.600000	6.600000	34	6
8,880,892.84	6.745080	7.254080	360	360	N/A	0	1.860086	1.404546	6.514813	14.030414	7.246879	36	6
1,543,011.49	6.878564	7.387564	359	359	N/A	1	1.500000	1.500000	6.361043	14.387564	7.387564	35	6
365,153.52	5.481000	5.990000	360	360	N/A	0	1.500000	1.500000	4.990000	12.990000	5.990000	36	6
473,012.25	6.935555	7.444555	359	359	N/A	1	1.500000	1.500000	6.444555	14.444555	7.444555	35	6
14,989,715.32	6.740817	7.249817	360	360	N/A	0	1.908715	1.366996	6.517282	14.044271	7.245330	36	6
287,992,929.98	6.371868	6.880868	360	360	N/A	0	1.740939	1.427092	6.299622	13.745113	6.862905	36	6
294,279.05	7.441000	7.950000	359	359	N/A	1	1.500000	1.500000	7.950000	14.950000	7.950000	35	6
3,013,885.96	7.095086	7.604086	359	359	N/A	1	1.735287	1.411815	6.556160	14.427716	7.604086	35	6
3,177,660.26	6.603973	7.112973	359	359	N/A	1	1.700003	1.453735	6.806220	13.954966	7.112973	35	6
40,262,576.19	6.554995	7.063995	324	360	36	0	1.518135	1.489395	6.554698	14.054514	7.063995	36	6
121,914.16	7.491000	8.000000	324	358	36	2	3.000000	1.000000	8.000000	14.000000	8.000000	34	6
3,989,302.24	6.618933	7.127933	324	360	36	0	1.586311	1.471230	6.345288	14.070393	7.127933	36	6
1,140,515.80	6.648823	7.157823	324	359	36	1	1.500000	1.500000	6.642428	14.157823	7.157823	35	6
5,979,241.33	6.359180	6.868180	324	360	36	0	1.523020	1.492327	6.257965	13.852834	6.868180	36	6
110,084,910.16	6.006719	6.515719	324	360	36	0	1.576898	1.480989	6.010925	13.479638	6.512922	36	6
1,149,571.02	6.613469	7.122469	324	359	36	1	1.500000	1.500000	6.164736	14.122469	7.122469	35	6

### Loan Group 3 Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Gross Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest-Only Term (months)	Age (months)	Initial Periodic Cap (%)	Subsequent Periodic Cap (%)	Gross Margin (%)	Life Cap (%)	Life Floor (%)	Months to Next Rate Adjustment	Reset Frequency (months)
125,429.86	7.991000	8.500000	359	359	N/A	1	1.000000	1.000000	8.500000	15.500000	8.500000	5	6
719,678.71	5.241000	5.750000	360	360	N/A	0	1.000000	1.000000	6.500000	12.750000	5.750000	6	6
8,003,349.48	7.483642	7.992642	358	358	N/A	2	2.576149	1.218962	7.768361	14.387889	8.031828	22	6
1,533,243.67	7.377632	7.886632	358	358	N/A	2	3.000000	1.126957	7.496297	14.283298	7.845280	22	6
1,661,431.89	7.531839	8.040839	355	355	N/A	5	1.850241	1.000000	6.817544	14.250859	8.040839	19	6
115,570.64	8.591000	9.100000	357	357	N/A	3	3.000000	1.000000	8.200000	16.100000	9.100000	21	6
573,376.38	7.541859	8.050859	357	357	N/A	3	3.000000	1.000000	7.923742	14.050859	8.050859	21	6
17,613,708.54	6.945100	7.454100	359	359	N/A	1	2.476226	1.274715	7.006845	13.997202	7.371555	23	6
620,136.12	7.481000	7.990000	356	356	N/A	4	3.000000	1.000000	7.740000	13.990000	7.990000	20	6
1,159,313.65	7.480663	7.989663	357	357	N/A	3	3.000000	1.000000	7.415307	14.459745	7.610841	21	6
3,477,314.30	7.616269	8.125269	358	358	N/A	2	3.000000	1.072200	8.040993	14.170318	8.133354	22	6
1,206,240.75	7.464779	7.973779	357	357	N/A	3	3.000000	1.000000	7.904925	14.449769	7.973779	21	6
871,666.51	7.803307	8.312307	350	350	N/A	10	2.821487	1.059504	7.970157	14.431315	8.312307	21	6
296,261.99	6.141000	6.650000	356	356	N/A	4	3.000000	1.000000	6.400000	12.650000	6.650000	20	6
1,449,867.01	7.891746	8.400746	336	359	24	1	1.500000	1.500000	7.780276	15.400746	8.400746	23	6
15,024,030.01	6.150902	6.659902	336	359	24	1	2.383394	1.248128	6.118065	13.310861	6.654118	23	6
252,384.82	6.741000	7.250000	336	358	24	2	3.000000	1.500000	6.270000	14.250000	7.250000	22	6
597,066.78	6.481000	6.990000	336	359	24	1	1.500000	1.500000	6.490000	13.990000	6.990000	23	6
128,322,327.03	7.224243	7.733243	360	360	N/A	0	1.663235	1.450364	7.576188	14.635687	7.756510	36	6
86,607.92	7.491000	8.000000	359	359	N/A	1	2.000000	1.000000	7.000000	14.000000	8.000000	35	6
6,367,543.73	7.276578	7.785578	360	360	N/A	0	2.004083	1.322731	7.397145	14.431040	7.779070	36	6
1,476,153.60	6.921061	7.430061	358	358	N/A	2	1.669939	1.500000	8.268758	14.430061	7.782755	34	6
8,460,336.20	6.625544	7.134544	359	359	N/A	1	2.395530	1.265135	6.883629	13.736787	7.114484	35	6
1,030,207.98	8.153092	8.662092	359	359	N/A	1	3.000000	1.500000	8.536097	14.922045	8.662092	35	6
158,339,406.21	6.724019	7.233019	360	360	N/A	0	1.828112	1.410182	6.912788	14.043976	7.227454	36	6
644,149.14	8.342259	8.851259	359	359	N/A	1	3.000000	1.000000	8.851259	14.851259	8.851259	35	6
111,820.72	8.241000	8.750000	358	358	N/A	2	1.000000	1.000000	8.750000	14.750000	8.750000	34	6
1,535,502.22	8.580766	9.089766	359	359	N/A	1	1.863279	1.442060	8.638519	15.847580	9.089766	35	6
2,526,077.28	7.045584	7.554584	359	359	N/A	1	1.938278	1.373535	7.450246	14.301654	7.534956	35	6
118,038.91	7.591000	8.100000	358	358	N/A	2	2.000000	1.000000	7.100000	14.100000	8.100000	34	6
33,003,390.93	7.042170	7.551170	324	360	36	0	1.966010	1.385411	7.416957	14.321992	7.575476	36	6
8,114,328.72	6.729947	7.238947	324	360	36	0	1.870591	1.426651	6.641296	14.036311	7.238947	36	6
910,831.47	5.827120	6.336120	324	359	36	1	1.500000	1.500000	8.500000	13.336120	6.336120	35	6
3,892,509.87	5.980323	6.489323	324	360	36	0	1.909366	1.363545	5.936958	13.216413	6.435168	36	6
98,969,482.25	6.043973	6.552973	324	360	36	0	1.823387	1.400822	6.146730	13.360541	6.570465	36	6
454,349.54	6.914148	7.423148	324	359	36	1	1.500000	1.500000	7.625629	14.423148	7.423148	35	6
336,865.17	5.241000	5.750000	347	347	N/A	13	5.000000	2.000000	2.750000	10.750000	2.750000	47	6

**Percentages of the Initial Certificate Principal Balances of the Class 1-AV-1 Certificates  
at the Respective Percentages of the Prepayment Model**

<b><u>Distribution Date</u></b>	<b><u>50%</u></b>	<b><u>75%</u></b>	<b><u>100%</u></b>	<b><u>125%</u></b>	<b><u>150%</u></b>
Initial Percentage.....	100%	100%	100%	100%	100%
December 25, 2005 .....	87	83	80	76	72
December 25, 2006 .....	75	66	57	48	40
December 25, 2007 .....	53	36	20	6	0
December 25, 2008 .....	39	26	18	6	0
December 25, 2009 .....	30	19	12	6	0
December 25, 2010 .....	25	15	8	0	0
December 25, 2011 .....	21	11	5	0	0
December 25, 2012 .....	17	8	0	0	0
December 25, 2013 .....	14	6	0	0	0
December 25, 2014 .....	12	0	0	0	0
December 25, 2015 .....	10	0	0	0	0
December 25, 2016 .....	8	0	0	0	0
December 25, 2017 .....	6	0	0	0	0
December 25, 2018 .....	5	0	0	0	0
December 25, 2019 .....	0	0	0	0	0
Weighted Average Life to Optional Termination (in years) .....	4.50	3.22	2.50	1.93	1.59
Weighted Average Life to Maturity (in years) .....	4.71	3.36	2.61	2.01	1.59

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## USE OF PROCEEDS

The Depositor will apply the net proceeds of the sale of the of the Class AV and Class AF Certificates and the Fixed Rate and Adjustable Rate Certificates against the purchase price of the Initial Mortgage Loans on the Closing Date and deposit the Pre-Funded Amount, if any, in the Pre-Funding Account.

## MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion that summarizes the material federal income tax consequences of the ownership and disposition of the Regular Certificates and is based on the Internal Revenue Code of 1986, as amended (the “*Code*”), the Treasury Regulations promulgated and proposed thereunder (the “*Regulations*”), judicial decisions and published administrative rulings and pronouncements of the Internal Revenue Service (the “*IRS*”), all as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations hereafter enacted or promulgated could alter or modify the analysis and conclusions set forth below, possibly on a retroactive basis. This discussion represents the opinion of tax counsel subject to the qualifications set forth in this information circular. This discussion does not purport to address the federal income tax consequences either to special classes of taxpayers (such as S corporations, banks, thrifts, other financial institutions, insurance companies, mutual funds, small business investment companies, real estate investment trusts, regulated investment companies, broker-dealers, tax-exempt organizations and persons that hold the Certificates as part of a straddle, hedging or conversion transaction) or to a person or entity holding an interest in a Certificate through another holder (for example, as a stockholder in an S corporation, a partner, or a trust beneficiary). This discussion assumes that the Regular Certificates will be held as capital assets as defined in Section 1221 of the Code. The discussion is generally limited to initial purchasers of the Regular Certificates. No information is provided in this offering circular with respect to any foreign, state or local tax consequences of the ownership and disposition of the Regular Certificates or any federal alternative minimum tax or estate and gift tax considerations. Except as discussed in sections entitled “—*Non-U.S. Persons*,” the following discussion applies only to U.S. Persons (defined below).

Prospective investors are urged to consult their tax advisors with regard to the federal tax consequences of purchasing, holding and disposing of the Regular Certificates in their own particular circumstances, as well as the tax consequences arising under the federal alternative minimum tax and estate and gift tax laws and the laws of any state, foreign country or other jurisdiction to which they may be subject.

*U.S. Person.* For purposes of this discussion, the term “*U.S. Person*” means a holder of a Regular Certificate that is a citizen or resident of the United States, a corporation (or other entity treated as a corporation for federal income tax purposes) organized in or under the laws of the United States, any state thereof or the District of Columbia, an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or a trust with respect to which a court in the U.S. is able to exercise primary authority over its administration and one or more U.S. persons have the authority to control all of its substantial decisions. A “*Non-U.S. Person*” means a holder other than a U.S. Persons and persons subject to rules applicable to former citizens and residents of the United States. If a partnership holds Regular Certificates, the federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Regular Certificates should consult their tax advisors.

### In General

For federal income tax purposes, the Trust Fund (exclusive of the Corridor Contracts, the Credit Comeback Excess Account, the Carryover Reserve Fund and the Pre-Funding Account) will consist of one or more REMICs in a tiered structure. The highest REMIC will be referred to as the “*Master REMIC*,” and each REMIC below the Master REMIC (if any) will be referred to as an “*underlying REMIC*.” Each underlying REMIC (if any) will issue multiple classes of uncertificated, regular interests (the “*underlying REMIC Regular Interests*”) that will be held by another REMIC above it in the tiered structure. The assets of the lowest underlying REMICs (or the Master REMIC if there are no underlying REMICs) will consist of the Mortgage Loans and any other assets designated in the Pooling and Servicing Agreement. The Master REMIC will issue the Class AV and Class AF Certificates and the Fixed Rate and Adjustable Rate Subordinate Certificates (the “*Regular Certificates*”), which will be designated as the regular interests in the Master REMIC. The Class A-R Certificates (also, the “*Residual Certificates*”) will represent the beneficial ownership of the residual interest in each underlying REMIC (if any) and the residual

interest in the Master REMIC. The assets of the Master REMIC will consist of the underlying REMIC Regular Interests (or, if there are no underlying REMICs, the Mortgage Loans and any other assets designated in the Pooling and Servicing Agreement). Aggregate distributions on the underlying REMIC Regular Interests held by the Master REMIC (if any) will equal the aggregate distributions on the Regular Certificates issued by the Master REMIC.

All classes of the Regular Certificates will be treated as representing interests in a REMIC regular interest (the “**REMIC Regular Interest Component**”) and the entitlement to receive payments of Net Rate Carryover (the “**Net Rate Carryover Component**”). Holders of the Regular Certificates (“**Regular Certificateholders**”) must allocate the purchase price for their Regular Certificates between the REMIC Regular Interest Component and the Net Rate Carryover Component.

Upon the issuance of the Certificates, Sidley Austin Brown & Wood LLP (“**Tax Counsel**”), will deliver its opinion concluding, assuming compliance with the Pooling and Servicing Agreement, for federal income tax purposes, that each REMIC created under the Pooling and Servicing Agreement will qualify as a REMIC within the meaning of Section 860D of the Code, and that the Regular Certificates will represent regular interests in a REMIC. Moreover, Tax Counsel will deliver an opinion concluding that the interests of the holders of the Regular Certificates with respect to Net Rate Carryover will represent, for federal income tax purposes, contractual rights coupled with regular interests within the meaning of Treasury regulations §1.860G-2(i).

### **Taxation of the REMIC Regular Interest Components of the Regular Certificate**

*In General.* The REMIC Regular Interest Component of a Regular Certificate, will be treated as a debt instrument issued by the Master REMIC for federal income tax purposes. Income on the REMIC Regular Interest Components must be reported under an accrual method of accounting. Under an accrual method of accounting, interest income may be required to be included in a holder’s gross income in advance of the holder’s actual receipt of that interest income.

*Original Issue Discount.* The REMIC Regular Interest Components may also be issued with original issue discount (“**OID**”). Generally, OID, if any, will equal the difference between the “stated redemption price at maturity” of a REMIC Regular Interest Component and its “issue price.” If a REMIC Regular Interest Component is issued with OID, the holder will be required to include the OID in gross income for federal income tax purposes as it accrues, in accordance with a constant yield method based on the semi-annual (or more frequent) compounding of interest rather than in accordance with receipt of the interest payments. The following discussion is based on the Treasury regulations addressing OID (the “**OID Regulations**”), the Code and the legislative history accompanying enactment of the Code (the “**Legislative History**”). Holders of Regular Certificates should be aware that the OID Regulations do not adequately address certain issues relevant to prepayable securities, such as the REMIC Regular Interest Components.

Rules governing OID are set forth in Sections 1271 through 1273 and 1275 of the Code. These rules require that the amount and rate of accrual of OID be calculated based on a prepayment assumption and an anticipated reinvestment rate, if any, relating to the REMIC Regular Interest Components and prescribe a method for adjusting the amount and rate of accrual of the discount where the actual prepayment rate differs from the prepayment assumption.

Under the Code, the prepayment assumption must be determined in the manner prescribed by regulations, which regulations have not yet been issued. The Legislative History provides, however, that Congress intended the regulations to require that the prepayment assumption be the prepayment assumption that is used in determining the initial offering price of the REMIC Regular Interest Components. For purposes of determining the amount and rate of accrual of OID and market discount (discussed later), the trust fund intends to assume that there will be prepayments on the Mortgage Loans at a rate equal to 100% of the Prepayment Model (the “**Prepayment Assumption**”). No representation is made regarding whether the Mortgage Loans will prepay at the foregoing rate or at any other rate. Computing accruals of OID in this manner may (depending on the actual rate of prepayments during the accrual period) result in the accrual of negative amounts of OID on the certificates issued with OID in an accrual period. Holders will be entitled to offset negative accruals of OID only against future OID accrual on their certificates.

The IRS issued final regulations (the “**Contingent Regulations**”) in June 1996 governing the calculation of OID on instruments having contingent interest payments. The Contingent Regulations specifically do not apply for purposes of calculating OID on debt instruments subject to Code Section 1272(a)(6), such as the REMIC Regular Interest Components. Additionally, the OID Regulations do not contain provisions specifically interpreting Code Section 1272(a)(6). The trustee intends to base its computations on Code Section 1272(a)(6) and the OID Regulations as described in this information circular. However, because no regulatory guidance currently exists under Code Section 1272(a)(6), there can be no assurance that this methodology represents the correct manner of calculating OID.

In general, each REMIC Regular Interest Component will be treated as a single installment obligation issued with an amount of OID equal to the excess of its “stated redemption price at maturity” over its issue price. The issue price of a REMIC Regular Interest Component is the first price at which a substantial amount of REMIC Regular Interest Components are first sold to the public (excluding bond houses, brokers, underwriters or wholesalers). The issue price of a REMIC Regular Interest Component (which is computed based on the amount of the purchase price of the Regular Certificate allocable to the REMIC Regular Interest Component) includes the amount, if any, paid for interest accruing before the issue date of the REMIC Regular Interest Component. The stated redemption price at maturity of a REMIC Regular Interest Component includes the original principal amount of the REMIC Regular Interest Component, but generally will not include distributions of interest that constitute “qualified stated interest.” Qualified stated interest generally means interest unconditionally payable at intervals of one year or less at a single fixed rate or qualified variable rate (as described below) during the entire term of the REMIC Regular Interest Component.

Under the de minimis rule, OID on a REMIC Regular Interest Component will be considered to be zero if it is less than 0.25% of the stated redemption price at maturity of the REMIC Regular Interest Component multiplied by the weighted average maturity of the REMIC Regular Interest Component. The weighted average maturity of a REMIC Regular Interest Component is the sum of the weighted maturity of each payment of the REMIC Regular Interest Component’s stated redemption price. The weighted maturity of each stated redemption price payment is (i) the number of complete years from the issue date until the payment is made, multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the REMIC Regular Interest Component’s total stated redemption price. Although currently unclear, it appears that the schedule of these distributions should be determined in accordance with the Prepayment Assumption. Holders generally must report de minimis OID pro rata as principal payments are received, and income will be capital gain if the REMIC Regular Interest Component is held as a capital asset. However, holders may elect to accrue all de minimis OID as well as market discount under a constant yield method.

Generally, the holder of a REMIC Regular Interest Component must include in gross income the “daily portions,” as determined below, of the OID that accrues on the REMIC Regular Interest Component for each day the Certificateholder holds the REMIC Regular Interest Component, including the purchase date but excluding the disposition date. The daily portions of OID are determined by allocating to each day in an accrual period the ratable portion of OID allocable to the accrual period. Accrual periods may be of any length and may vary in length over the term of the REMIC Regular Interest Components, provided that each accrual period (i) is no longer than one year, (ii) begins or ends on a distribution date (except for the first accrual period which begins on the issue date) and (iii) begins on the day after the preceding accrual period ends. In the case of a full accrual period, the OID accrued during the accrual period will be determined by adding:

- The present value at the end of the accrual period (determined by using as a discount factor the original yield to maturity of the REMIC Regular Interest Components as calculated under the Prepayment Assumption) of all remaining payments to be received on the REMIC Regular Interest Components under the Prepayment Assumption and
- any payments included in the stated redemption price at maturity received during the same accrual period, and
- subtracting from that total the adjusted issue price of the REMIC Regular Interest Components at the beginning of the same accrual period.

The adjusted issue price of a REMIC Regular Interest Component at the beginning of the first accrual period is its issue price; the adjusted issue price of a REMIC Regular Interest Component at the beginning of a subsequent accrual period is the adjusted issue price at the beginning of the immediately preceding accrual period plus the amount of OID allocable to that accrual period and reduced by the amount of any payment other than a payment of qualified stated interest made at the end of or during that accrual period. The OID accrued during an accrual period will then be divided by the number of days in the period to determine the daily portion of OID for each day in the accrual period. The calculation of OID under the method described above will cause the accrual of OID to either increase or decrease (but never below zero) in a given accrual period to reflect the fact that prepayments are occurring faster or slower than under the Prepayment Assumption. With respect to an initial accrual period shorter than a full accrual period, the daily portions of OID may be determined according to an appropriate allocation under any reasonable method.

*Effects of Defaults and Delinquencies.* Holders will be required to report income with respect to the REMIC Regular Interest Component without giving effect to delays and reductions in distributions attributable to a default or delinquency on the loans, except possibly to the extent that it can be established that such amounts are uncollectible. As a result, the amount of income (including OID) reported by a holder of such a security in any period could significantly exceed the amount of cash distributed to such holder in that period. The holder will eventually be allowed a loss (or will be allowed to report a lesser amount of income) to the extent that the aggregate amount of distributions on the securities is reduced as a result of a loan default. However, the timing and character of these losses or reductions in income are uncertain and, accordingly, holders of securities should consult their tax advisors on this point.

The depositor may adjust the accrual of OID on in a manner that it believes to be appropriate, to take account of realized losses on the loans, although the OID Regulations do not provide for such adjustments. If the IRS were to require that OID be accrued without such adjustments, the rate of accrual of OID for could increase.

*Variable Rate Debt.* In the case of a REMIC Regular Interest Component bearing interest at a rate that varies directly, or according to a fixed formula, (for example, LIBOR plus a margin), it appears that the present value of all payments remaining to be made on the REMIC Regular Interest Component should be calculated as if the interest index remained at its value as of the issue date of the REMIC Regular Interest Component. Because the proper method of adjusting accruals of OID on a variable rate instrument is uncertain, holders of the REMIC Regular Interest Components should consult their federal income tax advisers regarding this aspect of the REMIC Regular Interest Components.

*Market Discount.* A purchaser of a Regular Certificate may also be subject to the market discount provisions of Code Sections 1276 through 1278. Under these provisions and the OID Regulations, “market discount” equals the excess, if any, of a REMIC Regular Interest Component’s stated principal amount or, in the case of a REMIC Regular Interest Component with OID, the adjusted issue price (determined for this purpose as if the purchaser had purchased the REMIC Regular Interest Component from an original holder) over the price for the REMIC Regular Interest Component paid by the purchaser. A holder that purchases a REMIC Regular Interest Component at a market discount will recognize income upon receipt of each distribution representing stated redemption price. In particular, under Section 1276 of the Code a holder generally will be required to allocate each principal distribution first to accrued market discount not previously included in income, and to recognize ordinary income to that extent. A holder 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 electing holder on or after the first day of the first taxable year to which the election applies.

Market discount with respect to a REMIC Regular Interest Component will be considered to be zero if it is less than 0.25% of the REMIC Regular Interest Component’s stated redemption price at maturity multiplied by the REMIC Regular Interest Component’s weighted average maturity remaining after the date of purchase. If market discount on a REMIC Regular Interest Component is considered to be zero under this rule, the actual amount of market discount must be allocated to the remaining principal payments on the REMIC Regular Interest Component, and gain equal to the allocated amount will be recognized when the corresponding principal payment is made. Treasury regulations implementing the market discount rules have not yet been issued. Investors should consult

their tax advisors regarding the application of these rules and the advisability of making any of the elections allowed under Code Sections 1276 through 1278.

The Code provides that any principal payment (whether a scheduled payment or a prepayment) or any gain on disposition of a market discount bond shall be treated as ordinary income to the extent that it does not exceed the accrued market discount at the time of the payment or disposition. The amount of accrued market discount for purposes of determining the tax treatment of subsequent principal payments or dispositions of the market discount bond is to be reduced by the amount so treated as ordinary income.

The Code also grants authority to the Treasury Department to issue regulations providing for the computation of accrued market discount on debt instruments, the principal of which is payable in more than one installment. Until regulations are issued by the Treasury, rules described in the Legislative History will apply. Under those rules, the holder of a REMIC Regular Interest Component with market discount may elect to accrue market discount either on the basis of a constant yield rate or according to one of the following methods:

- For REMIC Regular Interest Components issued with OID, the amount of market discount that accrues during a period is equal to the product of the total remaining market discount and a fraction, the numerator of which is the OID accruing during the period and the denominator of which is the total remaining OID at the beginning of the period.
- For REMIC Regular Interest Components issued without OID, the amount of market discount that accrues during a period is equal to the product of the total remaining market discount and a fraction, the numerator of which is the amount of stated interest paid during the accrual period and the denominator of which is the total amount of stated interest remaining to be paid at the beginning of the period.

For purposes of calculating market discount under any of the above methods in the case of instruments (such as the REMIC Regular Interest Components) that provide for payments that may be accelerated due to prepayments of other obligations securing the instruments, the same Prepayment Assumption applicable to calculating the accrual of OID will apply.

A holder of a REMIC Regular Interest Component that acquires the REMIC Regular Interest Component at a market discount also may be required to defer, until the maturity date of the REMIC Regular Interest Component or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry the REMIC Regular Interest Component in excess of the aggregate amount of interest (including OID) includible in the holder's gross income for the taxable year with respect to the REMIC Regular Interest Component. The amount of the net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the REMIC Regular Interest Component for the days during the taxable year on which the holder held the REMIC Regular Interest Component and, in general, would be deductible when the market discount is includible in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the REMIC Regular Interest Component matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent of gain recognized on the disposition. This deferral rule does not apply if the holder of the REMIC Regular Interest Component elects to include the market discount in income currently as it accrues on all market discount obligations acquired by the holder in that taxable year or thereafter.

*Acquisition Premium.* A subsequent purchaser of a REMIC Regular Interest Component issued with OID who purchases the REMIC Regular Interest Component at a cost less than the remaining stated redemption price at maturity will also be required to include in gross income the sum of the daily portions of OID on that REMIC Regular Interest Component. In computing the daily portions of OID for a subsequent purchaser of a REMIC Regular Interest Component (as well as an initial purchaser that purchases at a price higher than the adjusted issue price but less than the stated redemption price at maturity), however, the daily portion for any day is reduced by the amount that would be the daily portion for the day (computed in accordance with the rules set forth above) multiplied by a fraction, the numerator of which is:



- the excess of the cost of the REMIC Regular Interest Component to the purchaser over
- the adjusted issue price of the REMIC Regular Interest Component, which is the issue price of the REMIC Regular Interest Component plus the aggregate amount of OID that would have been includible in the gross income of an original holder of the REMIC Regular Interest Component (who purchased the REMIC Regular Interest Component at its issue price), less any prior payments included in the stated redemption price at maturity,

And the denominator of which is:

- the sum of the daily portions for the REMIC Regular Interest Component for all days beginning after the purchase date and ending on the maturity date computed under the Prepayment Assumption.

A holder who pays an acquisition premium instead may elect to accrue OID by treating the purchase as a purchase at original issue.

*Bond Premium.* If the holder of any Regular Certificate acquires the REMIC Regular Interest Component of the Regular Certificate at a premium (that is, at a cost greater than its stated redemption price at maturity), then the holder may elect to amortize the premium as an offset to interest income on the REMIC Regular Interest Component (and not as a separate deduction item), using a constant yield method. Although no regulations addressing the computation of premium accrual on securities similar to the securities have been issued, the legislative history accompanying enactment of the Code indicates that premium is to be accrued in the same manner as market discount. Accordingly, it appears that the accrual of premium on the REMIC Regular Interest Component will be calculated using the prepayment assumption used in pricing the REMIC Regular Interest Component. If a holder elects to amortize premium on the REMIC Regular Interest Component, the election will apply to all taxable debt instruments held by the holder at the beginning of the taxable year in which the election is made. The election will also apply to all taxable debt instruments acquired thereafter by the holder, and will be irrevocable without the consent of the IRS.

The Treasury has issued regulations (the “*Final Bond Premium Regulations*”) dealing with amortizable bond premium. These regulations specifically do not apply to prepayable debt instruments subject to Code Section 1272(a)(6) such as the securities. Absent further guidance from the IRS, the trustee intends to account for amortizable bond premium in the manner described above.

Holders that acquire the REMIC Regular Interest Components of their Regular Certificates at a premium, are encouraged to consult their tax advisors regarding the election to amortize premium, the method to be employed and the possible application of the Final Bond Premium Regulations.

*Election to Treat All Interest as OID.* The OID Regulations permit the holder of a REMIC Regular Interest Component 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 this election is made with respect to a REMIC Regular Interest Component having market discount, then the holder is deemed to have made an election to include market discount in income currently with respect to all other market discount debt instruments that the holder acquires during the year of the election and thereafter. Similarly, a holder that makes this election for a REMIC Regular Interest Component that is acquired at a premium is deemed to have made an election to amortize bond premium with respect to all premium debt instruments that the holder owns and acquires. The election to accrue interest, discount and premium on a constant yield method with respect to a REMIC Regular Interest Component (and other affected debt) cannot be revoked without the consent of the IRS.

*Treatment of Realized Losses.* Although not entirely clear, it appears that holders of Regular Certificates that are corporations should in general be allowed to deduct as an ordinary loss any loss sustained during the taxable year on account of a REMIC Regular Interest Component becoming wholly or partially worthless, and that, in general, holders of Regular Certificates that are not corporations should be allowed to deduct as a short-term capital loss any loss sustained during the taxable year on account of a REMIC Regular Interest Component becoming wholly worthless. Although the matter is unclear, non-corporate holders of Regular Certificates may be allowed a

bad debt deduction at the time that the principal balance of the REMIC Regular Interest Component is reduced to reflect realized losses resulting from any liquidated mortgage loans. The IRS, however, could take the position that non-corporate holders will be allowed a bad debt deduction to reflect realized losses only after all mortgage loans remaining in the related trust fund have been liquidated or the Regular Certificates have been otherwise retired. Potential holders of the Regular Certificates are urged to consult their tax advisors regarding the appropriate timing, amount and character of any loss sustained, including any loss resulting from the failure to recover previously accrued interest or discount income.

*Non-U.S. Persons.* Generally, payments of interest (including any payment with respect to accrued OID) on the REMIC Regular Interest Component to a Regular Certificateholder who is not a U.S. Person and is not engaged in a trade or business within the United States will not be subject to federal withholding tax if the non-U.S. Person provides the REMIC or other person who is otherwise required to withhold U.S. tax with respect to the REMIC Regular Interest Component with an appropriate statement (on IRS Form W-8BEN or other similar form), signed under penalties of perjury, certifying that the beneficial owner of the Regular Certificate is a foreign person and providing that non-U.S. person's name and address. If the holder of a Regular Certificate is not exempt from withholding, then distributions of interest, including distributions in respect of accrued OID may be subject to a 30% withholding tax, subject to reduction under any applicable tax income treaty.

Further, it appears that a 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.

### **Taxation of the Net Rate Carryover Components of the Regular Certificates**

*In General.* The following discussions assume that the rights and obligations of the holders of the Regular Certificates and Class CF and Class CV Certificates with respect to Net Rate Carryover will be treated as rights and obligations under a notional principal contract rather than as a partnership for federal income tax purposes. If these rights and obligations were treated as representing an entity taxable as a partnership for federal income tax purposes, then there could be different tax timing consequences to all such Certificateholders and different withholding tax consequences on payments to Certificateholders who are non-U.S. Persons. Prospective investors in the Regular Certificates should consult their tax advisors regarding their appropriate tax treatment.

*The Rights of the Regular Certificates With Respect to Net Rate Carryover.* For tax information reporting purposes, the Trustee (1) will treat the Net Rate Carryover rights of the Regular Certificates as rights to receive payments under a notional principal contract (specifically, an interest rate cap contract) and (2) anticipates assuming that these rights will have an insubstantial value relative to the value of the Regular Interest Components of the Regular Certificates. The IRS could, however, successfully argue that the Net Rate Carryover Component of the Regular Certificates has a greater value. Similarly, the Trustee could determine that the Net Rate Carryover Component of one or more classes of the Regular Certificates has a greater value. In either case, the REMIC Regular Interest Component of the Regular Certificates could be viewed as having been issued with either an additional amount of OID (which could cause the total amount of discount to exceed a statutorily defined de minimis amount) or with less premium (which would reduce the amount of premium available to be used as an offset against interest income). In addition, the Net Rate Carryover Component could be viewed as having been purchased at a higher cost. These changes could affect the timing and amount of income and deductions on the REMIC Regular Interest Component and Net Rate Carryover Component.

The portion of the overall purchase price of a Regular Certificate attributable to the Net Rate Carryover Component must be amortized over the life of the Certificate, taking into account the declining balance of the related REMIC Regular Interest Component. Treasury regulations concerning notional principal contracts provide alternative methods for amortizing the purchase price of an interest rate cap contract. Under one method — the level yield constant interest method — the price paid for an interest rate cap agreement is amortized over the life of the cap as though it were the principal amount of a loan bearing interest at a reasonable rate. Holders are urged to consult their tax advisors concerning the methods that can be employed to amortize the portion of the purchase price paid for the Net Rate Carryover Component of such a Certificate.

Any payments received by a holder of a Regular Certificate as Net Rate Carryover will be treated as periodic payments received under a notional principal contract. For any taxable year, to the extent the sum of the periodic payments received exceeds the amortization of the purchase price of the Net Rate Carryover Component, such excess will be ordinary income. Conversely, to the extent the amortization of the purchase price exceeds the periodic payments, such excess will be allowable as an ordinary deduction. In the case of an individual, such deduction will be subject to the 2-percent floor imposed on miscellaneous itemized deductions under section 67 of the Code and may be subject to the overall limitation on itemized deductions imposed under section 68 of the Code. In addition, miscellaneous itemized deductions are not allowed for purposes of computing the alternative minimum tax.

*Non-U.S. Persons.* In the case of a Non-U.S. Person, the source of any income on the Net Rate Carryover Component will ordinarily be the Non-U.S. Person's residence as determined under Section 988(a)(3)(B)(i) of the Code.

### **Dispositions of Regular Certificates**

Upon the sale, exchange, or other disposition of a Regular Certificate, the Regular Certificateholder must allocate the amount realized between the REMIC Regular Interest Component and the Net Rate Carryover Component based on the relative fair market values of those components at the time of sale. Assuming that the Regular Certificates are held as "capital assets" within the meaning of Section 1221 of the Code, any gain or loss on the disposition of the Net Rate Carryover Component should result in capital gain or loss and any gain or loss on the disposition of the REMIC Regular Interest Component should result in capital gain or loss. Gain with respect to the REMIC Regular Interest Component, however, will be treated as ordinary income, to the extent it does not exceed the excess (if any) of:

- (1) the amount that would have been includible in the holder's gross income with respect to the REMIC Regular Interest Component had income thereon accrued at a rate equal to 110% of the applicable federal rate as defined in section 1274(d) of the Code determined as of the date of purchase of the Certificate  
  
over
- (2) the amount actually included in such holder's income.

*Non-U.S. Persons.* Generally, a Non-U.S. Person will not be subject to federal income taxes on any amount which constitutes capital gain upon the sale, exchange or other disposition of a Regular Certificate, unless the Non-U.S. Person is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and the gain is derived from sources within the United States. Certain other exceptions may be applicable, and a Non-U.S. Person should consult its tax advisor in this regard.

### **Tax Treatment For Certain Purposes**

The REMIC Regular Interest Components of the Regular Certificates will represent "real estate assets" under Section 856(c)(5)(B) of the Code and qualifying assets under Section 7701(a)(19)(C) of the Code in the same proportion or greater that the assets of the Trust Fund will be so treated, and income on the REMIC Regular Interest Components of the Regular Certificates will represent "interest on obligations secured by mortgages on real property or on interests in real property" under Section 856(c) (3) (B) of the Code in the same proportion or greater that the income on the assets of the Trust Fund will be so treated. The Net Rate Carryover Component of the Regular Certificates will not qualify as assets described in Section 7701(a)(19)(C) of the Code or as real estate assets under Section 856(c)(5)(B) of the Code. In addition, because of the Net Rate Carryover Components, holders of the Regular Certificates should consult with their tax advisors before resecuritizing those Certificates in a REMIC.

## **Integration**

Under certain specific conditions, debt instruments and interests in notional principal contracts may be integrated, for federal income tax purposes, into a single “synthetic” debt instrument. Regular Certificateholders should consult their tax advisors concerning the possibility and consequences of integrating their interests in the REMIC Regular Interest Components and their positions with respect to Net Rate Carryover.

## **The Carryover Reserve Fund**

The Class CF and Class CV Certificateholders will be taxable on the earnings of the Carryover Reserve Fund whether those earnings are distributed directly to the Class CF and Class CV Certificateholders or paid to the Regular Certificateholders and taxable to such certificateholders as part of Net Rate Carryover.

## **Information Reporting and Backup Withholding**

Within a reasonable time after the end of each calendar year, each person who held a Regular Certificate at any time during the year, will be furnished with any information deemed appropriate to assist the holder in preparing the holder’s federal income tax returns, or to enable the holder to make the information available to beneficial owners or financial intermediaries that hold the Regular Certificates on behalf of beneficial owners. If a holder, beneficial owner, financial intermediary or other recipient of a payment on behalf of a beneficial owner fails to supply a certified taxpayer identification number or if the Secretary of the Treasury determines that the person has not reported all interest and dividend income required to be shown on its federal income tax return, backup withholding may be required with respect to any payments. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against a recipient’s federal income tax liability providing the requisite information is supplied to the IRS.

## **Taxation of the REMIC**

*General.* Although a REMIC is a separate entity for federal income tax purposes, a REMIC is not generally subject to entity-level tax. Rather, the taxable income or net loss of a REMIC is taken into account by the holders of residual interests. As described above, the regular interests are generally taxable as debt of the REMIC.

*Prohibited Transactions and Contributions Tax.* A REMIC will be subject to a 100% tax on any net income derived from a “prohibited transaction.” For this purpose, net income will be calculated without taking into account any losses from prohibited transactions or any deductions attributable to any prohibited transaction that resulted in a loss. In general, prohibited transactions include:

- subject to limited exceptions, the sale or other disposition of any qualified mortgage transferred to the REMIC;
- subject to a limited exception, the sale or other disposition of a cash flow investment;
- the receipt of any income from assets not permitted to be held by the REMIC pursuant to the Code; or
- the receipt of any fees or other compensation for services rendered by the REMIC.

It is anticipated that no REMIC will engage in any prohibited transactions in which it would recognize a material amount of net income. The holders of the residual interests will generally be responsible for the payment of any such taxes imposed on the REMIC. To the extent not paid by such holders or otherwise, however, such taxes will be paid out of the trust fund and will be allocated pro rata to all outstanding classes of securities of the REMIC.

## **OTHER TAXES**

No representations are made regarding the tax consequences of the purchase, ownership or disposition of the Certificates under any state, local or foreign tax law.

**All investors should consult their tax advisors regarding the federal, state, local or foreign tax consequences of purchasing, owning or disposing of the Certificates.**

## **LEGAL MATTERS**

The validity of the Certificates, including certain federal income tax consequences with respect thereto, will be passed upon for the Depositor by Sidley Austin Brown & Wood LLP, New York, New York.

## **INDEPENDENT ACCOUNTANTS**

The consolidated financial statements of XL Capital Assurance Inc. as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003, incorporated by reference in this information circular, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report.

The financial statements of XL Financial Assurance Ltd. as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003, incorporated by reference in this information circular, have been audited by PricewaterhouseCoopers, independent accountants, as stated in their report.

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## INDEX OF DEFINED TERMS

2/28 Interest-Only Loan.....	19	Class 1-AV-1 Policy.....	81
3/27 Interest-Only Loan.....	19	Class 1-AV-1 Policy Premium Rate.....	46
Accrual Period.....	41	Class 1-AV-1 Principal Distribution Amount.....	58
Adjustable Rate Cumulative Loss Trigger Event.....	68	Class 1-AV-1 Principal Distribution Target Amount.....	58
Adjustable Rate Delinquency Trigger Event.....	68	Class 1-AV-1 Principal Loss Amount.....	83
Adjustable Rate Loan Group Excess Cashflow.....	72	Class 1-AV-1 Reimbursement Amount.....	83
Adjustable Rate Mortgage Loans.....	18	Class 1-AV-1 Scheduled Payment.....	83
Adjustable Rate OC Floor.....	67	Class 2-AV Certificates.....	36
Adjustable Rate Overcollateralization Deficiency Amount.....	67	Class 2-AV Corridor Contract.....	75
Adjustable Rate Overcollateralization Target Amount.....	67	Class 2-AV Corridor Contract Ceiling Rate.....	77
Adjustable Rate Overcollateralized Amount.....	67	Class 2-AV Corridor Contract Notional Balance.....	77
Adjustable Rate Prepayment Vector.....	97	Class 2-AV Corridor Contract Strike Rate.....	77
Adjustable Rate Senior Enhancement Percentage.....	68	Class 2-AV Corridor Contract Termination Date.....	78
Adjustable Rate Stepdown Date.....	67	Class 2-AV Principal Distribution Amount.....	58
Adjustable Rate Subordinate Certificates.....	36	Class 2-AV Principal Distribution Target Amount.....	59
Adjustable Rate Subordinate Corridor Contract.....	75	Class AF Certificates.....	35
Adjustable Rate Subordinate Corridor Contract Ceiling Rate.....	78	Class AF Principal Distribution Amount.....	52
Adjustable Rate Subordinate Corridor Contract Notional Balance.....	78	Class AF-1 Corridor Contract.....	75
Adjustable Rate Subordinate Corridor Contract Strike Rate.....	78	Class AF-1 Corridor Contract Ceiling Rate.....	76
Adjustable Rate Subordinate Corridor Contract Termination Date.....	78	Class AF-1 Corridor Contract Notional Balance.....	76
Adjusted Net Mortgage Rate.....	45	Class AF-1 Corridor Contract Strike Rate.....	76
Adjustment Date.....	19	Class AF-1 Corridor Contract Termination Date.....	78
Advance.....	35	Class AV Certificates.....	36
Applied Realized Loss Amount.....	88	Class AV Principal Distribution Target Amount.....	58
ARPV.....	97	Class BF Principal Distribution Amount.....	57
Avoided Payment.....	83	Class BV Principal Distribution Amount.....	64
Business Day.....	41	Class MF-1 Principal Distribution Amount.....	53
Carryover Reserve Fund.....	81	Class MF-2 Principal Distribution Amount.....	53
Certificate Account.....	37	Class MF-3 Principal Distribution Amount.....	53
Certificate Principal Balance.....	36	Class MF-4 Principal Distribution Amount.....	54
Certificates.....	35	Class MF-5 Principal Distribution Amount.....	54
Class 1-AV-1 Certificate Deficiency Amount.....	83	Class MF-6 Principal Distribution Amount.....	55
Class 1-AV-1 Corridor Contract.....	75	Class MF-7 Principal Distribution Amount.....	56
Class 1-AV-1 Corridor Contract Ceiling Rate.....	76	Class MF-8 Principal Distribution Amount.....	56
Class 1-AV-1 Corridor Contract Notional Balance.....	76	Class MV-1 Principal Distribution Amount.....	59
Class 1-AV-1 Corridor Contract Strike Rate.....	76	Class MV-2 Principal Distribution Amount.....	59
Class 1-AV-1 Corridor Contract Termination Date.....	78	Class MV-3 Principal Distribution Amount.....	60
Class 1-AV-1 Final Scheduled Distribution Date.....	83	Class MV-4 Principal Distribution Amount.....	60
Class 1-AV-1 Guaranteed Interest Distribution Amount.....	80	Class MV-5 Principal Distribution Amount.....	61
Class 1-AV-1 Guaranteed Principal Distribution Amount.....	80	Class MV-6 Principal Distribution Amount.....	61
Class 1-AV-1 Guarantor Reimbursement Amount.....	80	Class MV-7 Principal Distribution Amount.....	62
Class 1-AV-1 Guaranty Fee.....	79	Class MV-8 Principal Distribution Amount.....	63
Class 1-AV-1 Guaranty Fee Rate.....	79	Code.....	103, 110
Class 1-AV-1 Insurer.....	85	Collateral Value.....	20
		Commission.....	86
		Compensating Interest.....	35
		Contingent Regulations.....	105
		Corridor Contract Ceiling Rate.....	78
		Corridor Contract Counterparty.....	75
		Corridor Contract Notional Balance.....	78
		Corridor Contract Strike Rate.....	78
		Corridor Contract Termination Date.....	78

Corridor Contracts .....	75	Insolvency Proceeding.....	84
Co-Trustee .....	21	Insurance Proceeds .....	37
Countrywide Financial .....	31	Insured Amounts .....	84
Countrywide Home Loans .....	18, 32	Insured Payments.....	84
Countrywide Servicing .....	31	Interest Carry Forward Amount.....	45
CPR .....	97	Interest Determination Date.....	80
Credit Bureau Risk Score .....	30	Interest Funds .....	44
Credit Comeback Excess Account.....	81	Interest Remittance Amount.....	39
Credit Comeback Excess Amount .....	20	IRS.....	103
Credit Comeback Excess Cashflow.....	70	Last Scheduled Distribution Date.....	96
Current Interest.....	45	Legislative History .....	104
Cut-off Date.....	20	LIBOR Business Day .....	80
debt-to-income ratio .....	27	Liquidation Proceeds .....	37
Delay Delivery Mortgage Loans .....	94	Loan Group.....	18
Deleted Mortgage Loan .....	22	Loan Group 1.....	18
Depositor .....	18	Loan Group 2.....	18
Determination Date.....	20	Loan Group 3.....	18
Distribution Account .....	40	Loan-to-Value Ratio .....	20
Distribution Account Deposit Date .....	39	London.....	85
Distribution Date .....	41	Master REMIC .....	103
Due Dates .....	34	Master Servicer.....	31
Due Period.....	40	Master Servicer Advance Date .....	35
Expense Fee Rate .....	45	Maximum Mortgage Rate.....	19
Extra Principal Distribution Amount.....	65	Minimum Mortgage Rate .....	23
Final Bond Premium Regulations.....	108	Modeling Assumptions.....	97
Final Order.....	82	Mortgage Index .....	19
Final Recovery Determination.....	38	Mortgage Loans.....	21
Fitch.....	86	Mortgage Notes .....	18
Fixed 30-Year Interest-Only Loan.....	20	Mortgage Rate .....	19
Fixed Rate Credit Comeback Loans .....	19	Mortgaged Properties .....	18
Fixed Rate Cumulative Loss Trigger Event .....	67	NAS Principal Distribution Amount .....	65
Fixed Rate Delinquency Trigger Event .....	66	Net Mortgage Rate.....	35
Fixed Rate Loan Group Excess Cashflow .....	69	net rate cap.....	11
Fixed Rate Mortgage Loans.....	18	Net Rate Cap.....	45
Fixed Rate OC Floor.....	65	Net Rate Carryover.....	46
Fixed Rate Overcollateralization Deficiency Amount .....	65	Net Rate Carryover Component .....	104
Fixed Rate Overcollateralization Target Amount.....	66	NIM Insurer .....	1, 92
Fixed Rate Overcollateralized Amount .....	66	NIM Insurer Default .....	16
Fixed Rate Prepayment Vector.....	96	Nonpayment .....	84
Fixed Rate Senior Enhancement Percentage .....	66	Non-U.S. Holder.....	103
Fixed Rate Stepdown Date .....	66	Notice .....	82
Fixed Rate Subordinate Certificates .....	36	OID .....	104
Fixed Rate Trigger Event .....	66	OID Regulations.....	104
FRPV .....	96	One-Month LIBOR.....	80
Full Doc Program .....	28	Optional Termination Date .....	89
Funding Period .....	25	Pass-Through Margin .....	46
Garn-St Germain Act.....	92	Pass-Through Rate.....	45
Gross Margin .....	19	Pooling and Servicing Agreement .....	21
Guarantor .....	21	Pre-Funded Amount .....	25
Guarantor Payment.....	80	Pre-Funding Account.....	25
Guaranty .....	79	Prepayment Assumption.....	104
Initial Cut-off Date .....	18	Prepayment Interest Excess .....	34
Initial Cut-off Date Pool Principal Balance.....	18	Prepayment Interest Shortfall .....	35
Initial Cut-off Date Principal Balance .....	18	Prepayment Models .....	96
Initial Periodic Rate Cap.....	19	Prepayment Period.....	20
		Principal Distribution Amount .....	52

Principal Remittance Amount.....	40
Purchase Price .....	24
Realized Loss.....	69
Record Date .....	41
Reference Bank Rate .....	80
Reference Banks .....	80
Regular Certificateholders .....	104
Regular Certificates .....	103
Regulations .....	103
related subordinate classes.....	9
Relief Act.....	15, 94
Relief Act Reduction .....	79
REMIC Regular Interest Component .....	104
REO Property .....	35
Replacement Mortgage Loan.....	22
Required Secondary Carryover Reserve Fund	
Deposit.....	81
Residual Certificates.....	69, 103
Rolling Sixty-Day Delinquency Rate .....	69
SAP.....	86
Scheduled Payments .....	18
Seller.....	18
Seller Shortfall Interest Requirement .....	39
Senior Certificates .....	36
Servicing Fee .....	34
Servicing Fee Rate.....	34
Sixty-Day Delinquency Rate .....	69
Stated Income Program .....	28
Stated Principal Balance.....	20
Statistical Calculation Date.....	18

Statistical Calculation Date Pool Principal	
Balance .....	18
Statistical Calculation Pool.....	18
Subordinate Certificates .....	36
subordination .....	9
Subsequent Cut-off Date .....	25
Subsequent Mortgage Loans.....	25
Subsequent Periodic Rate Cap.....	19
Subsequent Recoveries .....	38
Subsequent Transfer Date.....	25
Tax Counsel.....	104
Term of the Class 1-AV-1 Policy .....	84
Three-Year Hybrid Mortgage Loan.....	19
Trustee .....	21
Trustee Fee .....	41
Trustee's Mortgage File.....	21
Two-Year Hybrid Mortgage Loan.....	19
U.S. Holder .....	103
UCC.....	93
underlying REMIC .....	103
underlying REMIC Regular Interests .....	103
Unpaid Compensating Interest .....	79
Unpaid Realized Loss Amount.....	68
Voting Rights.....	91
XL Capital Ltd.....	85
XL Re .....	85
XLCA .....	85
XLFA.....	85
XLI .....	86



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### THE STATISTICAL CALCULATION POOL

The following information sets forth in tabular format certain information, as of the Statistical Calculation Date, about the Mortgage Loans included in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2, Loan Group 3 and Loan Group 2 and Loan Group 3 as a whole. Other than with respect to rates of interest, percentages are approximate and are stated by that portion of the Statistical Calculation Date Pool Principal Balance representing Loan Group 1, Loan Group 2, Loan Group 3 or the aggregate of Loan Group 2 and Loan Group 3. The sum of the columns below may not equal the total indicated due to rounding. In addition, each weighted average Credit Bureau Risk Score set forth below has been calculated without regard to any Mortgage Loan for which the Credit Bureau Risk Score is unknown.

#### LOAN GROUP 1

##### Mortgage Loan Programs for the Group 1 Mortgage Loans in the Statistical Calculation Pool

Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Fixed 10-Year .....	2	\$ 167,010	0.06%	\$ 83,505	6.660%	119.00	635	52.7%
Fixed 15-Year .....	138	17,037,957	6.25	123,463	7.163	179.64	589	72.6
Fixed 15-Year – Credit Comeback .....	5	480,324	0.18	96,065	7.557	180.00	603	81.7
Fixed 20-Year .....	4	374,115	0.14	93,529	7.549	236.48	584	67.5
Fixed 30-Year .....	1,176	220,625,512	80.96	187,607	6.754	359.57	617	74.1
Fixed 30-Year – Credit Comeback .....	44	7,600,500	2.79	172,739	7.686	359.53	618	81.7
Fixed 30-Year – Interest Only .....	114	26,237,297	9.63	230,152	6.559	359.46	632	74.3
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

##### Original Term to Stated Maturity for the Group 1 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Fixed 120 .....	2	\$ 167,010	0.06%	\$ 83,505	6.660%	119.00	635	52.7%
Fixed 180 .....	143	17,518,281	6.43	122,505	7.173	179.65	589	72.9
Fixed 240 .....	4	374,115	0.14	93,529	7.549	236.48	584	67.5
Fixed 360 .....	1,334	254,463,308	93.37	190,752	6.761	359.56	618	74.4
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

**Mortgage Loan Principal Balances for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Mortgage Loan Principal Balances</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
\$ 25,000.01 – \$ 50,000.00....	19	\$ 881,563	0.32%	\$ 46,398	8.568%	243.35	591	69.2%
\$ 50,000.01 – \$ 75,000.00....	129	8,169,653	3.00	63,331	7.858	311.59	603	73.8
\$ 75,000.01 – \$100,000.00....	177	15,620,770	5.73	88,253	7.386	338.72	604	73.8
\$100,000.01 – \$150,000.00....	347	43,038,217	15.79	124,029	7.024	336.25	612	74.8
\$150,000.01 – \$200,000.00....	293	50,725,842	18.61	173,126	6.803	349.96	608	73.5
\$200,000.01 – \$250,000.00....	187	41,582,642	15.26	222,367	6.701	353.88	615	75.0
\$250,000.01 – \$300,000.00....	141	38,407,618	14.09	272,394	6.585	349.17	609	73.9
\$300,000.01 – \$350,000.00....	83	26,787,904	9.83	322,746	6.505	357.60	635	74.3
\$350,000.01 – \$400,000.00....	50	18,701,173	6.86	374,023	6.554	355.74	631	76.5
\$400,000.01 – \$450,000.00....	24	10,130,640	3.72	422,110	6.448	352.27	630	74.0
\$450,000.01 – \$500,000.00....	20	9,643,042	3.54	482,152	6.568	350.04	648	75.2
\$500,000.01 – \$550,000.00....	3	1,550,538	0.57	516,846	7.762	359.35	616	79.9
\$550,000.01 – \$600,000.00....	4	2,255,058	0.83	563,765	6.291	359.76	629	66.5
\$650,000.01 – \$700,000.00....	1	675,488	0.25	675,488	7.400	359.00	594	70.7
\$700,000.01 – \$750,000.00....	1	709,276	0.26	709,276	5.875	359.00	620	69.3
\$800,000.01 – \$850,000.00....	2	1,672,500	0.61	836,250	5.941	360.00	632	63.7
Greater than \$900,000.00.....	2	1,970,789	0.72	985,395	6.691	357.48	661	68.0
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**Current Mortgage Rates for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Current Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
5.001 – 5.500 .....	10	\$ 2,352,805	0.86%	\$ 235,281	5.450%	336.40	610	67.2%
5.501 – 6.000 .....	199	48,714,385	17.88	244,796	5.915	354.32	638	71.0
6.001 – 6.500 .....	383	80,019,336	29.36	208,928	6.352	352.25	622	72.0
6.501 – 7.000 .....	363	66,076,208	24.25	182,028	6.815	348.20	614	74.6
7.001 – 7.500 .....	199	34,312,761	12.59	172,426	7.332	342.11	604	75.9
7.501 – 8.000 .....	172	23,690,672	8.69	137,736	7.787	334.09	598	80.0
8.001 – 8.500 .....	57	6,567,309	2.41	115,216	8.325	343.50	604	80.5
8.501 – 9.000 .....	50	6,097,678	2.24	121,954	8.818	334.41	585	82.2
9.001 – 9.500 .....	19	2,316,637	0.85	121,928	9.313	339.68	596	84.3
9.501 – 10.000 .....	11	793,443	0.29	72,131	9.696	318.91	583	83.3
10.001 – 10.500 .....	9	615,846	0.23	68,427	10.338	318.82	565	83.7
10.501 – 11.000 .....	9	821,569	0.30	91,285	10.726	334.19	561	82.8
11.001 – 11.500 .....	2	144,063	0.05	72,032	11.341	298.60	541	82.8
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**Remaining Terms to Stated Maturity for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Remaining Terms (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
1 – 120 .....	2	\$ 167,010	0.06%	\$ 83,505	6.660%	119.00	635	52.7%
121 – 180 .....	143	17,518,281	6.43	122,505	7.173	179.65	589	72.9
181 – 300 .....	4	374,115	0.14	93,529	7.549	236.48	584	67.5
301 – 360 .....	1,334	254,463,308	93.37	190,752	6.761	359.56	618	74.4
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**Loan-to-Value Ratios for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Loan-to-Value Ratios (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
50.00 or Less.....	93	\$ 13,272,961	4.87%	\$ 142,720	6.560%	343.87	596	41.7%
50.01 – 55.00 .....	46	9,198,244	3.38	199,962	6.474	351.14	593	52.8
55.01 – 60.00 .....	68	14,607,290	5.36	214,813	6.423	333.57	594	57.8
60.01 – 65.00 .....	114	24,360,077	8.94	213,685	6.478	350.76	601	63.1
65.01 – 70.00 .....	124	23,584,800	8.65	190,200	6.602	350.36	605	68.1
70.01 – 75.00 .....	179	34,848,587	12.79	194,685	6.654	341.70	603	73.2
75.01 – 80.00 .....	495	86,178,149	31.62	174,097	6.914	351.47	630	79.4
80.01 – 85.00 .....	149	27,008,925	9.91	181,268	6.912	350.89	621	83.7
85.01 – 90.00 .....	174	32,987,740	12.10	189,585	7.065	345.61	630	89.1
90.01 – 95.00 .....	33	5,065,452	1.86	153,499	7.264	334.53	641	93.4
95.01 – 100.00 .....	8	1,410,488	0.52	176,311	8.428	358.48	690	100.0
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**State Distribution of the Mortgaged Properties for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	12	\$ 1,229,071	0.45%	\$ 102,423	7.398%	351.94	631	84.5%
Alaska.....	2	348,750	0.13	174,375	7.272	360.00	609	69.1
Arizona.....	20	2,895,856	1.06	144,793	6.853	355.07	622	80.7
Arkansas.....	8	790,932	0.29	98,866	8.585	320.28	599	86.3
California.....	355	87,508,545	32.11	246,503	6.436	354.50	619	70.2
Colorado.....	25	5,255,815	1.93	210,233	6.629	359.68	633	74.4
Connecticut.....	17	3,606,603	1.32	212,153	6.749	359.75	607	76.6
Delaware.....	3	441,000	0.16	147,000	6.844	303.27	598	59.5
District of Columbia.....	1	173,942	0.06	173,942	6.675	360.00	651	71.9
Florida.....	145	23,021,159	8.45	158,767	6.876	348.95	609	76.7
Georgia.....	23	2,975,475	1.09	129,368	7.820	324.74	602	79.6
Hawaii.....	12	3,570,091	1.31	297,508	6.308	359.88	653	71.5
Idaho.....	2	333,600	0.12	166,800	7.021	359.40	649	79.4
Illinois.....	13	2,018,633	0.74	155,279	6.924	302.81	629	77.9
Indiana.....	17	1,741,288	0.64	102,429	7.687	344.56	640	84.1
Iowa.....	4	392,806	0.14	98,201	7.250	310.44	638	84.8
Kansas.....	3	389,000	0.14	129,667	6.908	298.46	615	83.2
Kentucky.....	9	1,547,427	0.57	171,936	7.463	350.55	578	76.2
Louisiana.....	17	2,222,807	0.82	130,753	7.447	350.43	610	82.9
Maine.....	5	780,454	0.29	156,091	6.789	359.27	640	76.2
Maryland.....	25	5,429,735	1.99	217,189	7.057	359.38	602	72.4
Massachusetts.....	51	11,284,752	4.14	221,270	6.646	355.07	590	67.5
Michigan.....	19	2,086,997	0.77	109,842	7.166	338.09	625	77.0
Minnesota.....	10	1,623,211	0.60	162,321	6.769	359.73	625	66.7
Mississippi.....	7	635,574	0.23	90,796	8.131	296.99	592	82.0
Missouri.....	30	3,923,122	1.44	130,771	6.933	343.93	617	81.6
Montana.....	5	842,705	0.31	168,541	6.703	359.53	633	77.9
Nebraska.....	2	179,564	0.07	89,782	7.516	281.91	678	89.6
Nevada.....	48	9,516,367	3.49	198,258	6.830	351.24	622	75.6
New Hampshire.....	13	2,700,326	0.99	207,717	6.569	359.85	606	80.6
New Jersey.....	40	8,449,366	3.10	211,234	7.233	354.41	615	74.0
New Mexico.....	5	804,590	0.30	160,918	7.314	310.67	632	87.5
New York.....	90	23,437,586	8.60	260,418	6.744	343.33	620	74.4
North Carolina.....	23	2,232,941	0.82	97,084	7.594	321.02	622	82.5
Ohio.....	27	3,553,181	1.30	131,599	7.082	344.62	613	76.2
Oklahoma.....	6	430,467	0.16	71,744	8.401	295.27	595	81.0
Oregon.....	20	3,411,184	1.25	170,559	7.049	359.04	619	80.4
Pennsylvania.....	34	4,959,520	1.82	145,868	7.084	332.87	622	78.0
Rhode Island.....	2	358,000	0.13	179,000	7.001	360.00	674	75.8
South Carolina.....	7	613,931	0.23	87,704	7.486	321.40	597	80.8
South Dakota.....	2	211,808	0.08	105,904	7.268	360.00	670	74.1
Tennessee.....	34	4,079,563	1.50	119,987	7.482	331.31	609	79.3
Texas.....	164	18,796,671	6.90	114,614	7.190	328.69	619	77.5
Utah.....	11	1,836,746	0.67	166,977	6.826	359.39	639	80.5
Vermont.....	2	186,604	0.07	93,302	7.500	233.32	589	47.9
Virginia.....	56	9,310,618	3.42	166,261	6.865	336.03	602	75.6
Washington.....	44	8,820,815	3.24	200,473	6.545	347.97	624	76.4
West Virginia.....	3	384,500	0.14	128,167	7.940	360.00	594	79.5
Wisconsin.....	8	991,959	0.36	123,995	6.973	322.09	631	78.4
Wyoming.....	2	187,058	0.07	93,529	7.454	359.00	600	77.8
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

**Credit Bureau Risk Scores<sup>(1)</sup> for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
761 – 780 .....	7	\$ 1,417,206	0.52%	\$ 202,458	6.815%	359.53	775	85.2%
741 – 760 .....	11	2,766,788	1.02	251,526	6.751	358.82	749	79.3
721 – 740 .....	17	3,551,848	1.30	208,932	6.263	359.25	730	80.6
701 – 720 .....	28	7,149,288	2.62	255,332	6.446	359.06	709	80.5
681 – 700 .....	59	13,220,131	4.85	224,070	6.482	351.99	689	77.5
661 – 680 .....	121	24,643,621	9.04	203,666	6.552	356.39	671	76.6
641 – 660 .....	198	36,945,350	13.56	186,593	6.723	351.74	650	77.8
621 – 640 .....	198	36,746,925	13.48	185,591	6.680	348.56	631	74.6
601 – 620 .....	217	38,664,733	14.19	178,178	6.724	348.71	611	75.2
581 – 600 .....	221	39,036,291	14.32	176,635	6.834	346.54	591	72.2
561 – 580 .....	161	27,419,971	10.06	170,310	6.940	341.50	571	69.3
541 – 560 .....	112	19,347,799	7.10	172,748	7.107	336.72	551	73.8
521 – 540 .....	91	15,035,036	5.52	165,220	7.252	335.87	531	67.2
501 – 520 .....	41	6,309,027	2.32	153,879	7.427	337.37	512	66.2
500 or Less .....	1	268,700	0.10	268,700	7.250	360.00	500	68.0
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

(1) The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Mortgage Loans in Loan Group 1 were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Prepayment Penalty Period for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
0 .....	388	\$ 64,539,776	23.68%	\$ 166,340	7.093%	337.84	611	74.4%
12 .....	63	14,295,656	5.25	226,915	6.826	353.68	627	76.2
24 .....	26	4,853,325	1.78	186,666	6.682	348.45	607	73.6
36 .....	327	62,341,502	22.88	190,647	6.795	349.08	623	73.6
60 .....	679	126,492,455	46.42	186,292	6.631	351.29	615	74.3
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

**Types of Mortgaged Properties for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Single-Family Residence .....	1,220	\$ 221,106,382	81.13%	\$ 181,235	6.803%	346.35	615	74.2%
Planned Unit Development....	166	31,669,351	11.62	190,779	6.710	351.57	618	76.8
Low Rise Condominium .....	51	8,645,890	3.17	169,527	6.663	352.02	615	73.9
Two Family Home .....	23	5,101,438	1.87	221,802	7.075	359.52	616	67.5
Three Family Home .....	10	2,703,138	0.99	270,314	6.787	359.53	646	66.3
Four Family Home .....	10	2,627,096	0.96	262,710	6.429	359.70	658	71.3
High Rise Condominium .....	2	616,919	0.23	308,460	6.211	360.00	676	68.3
Manufactured Housing <sup>(1)</sup> .....	1	52,500	0.02	52,500	10.875	360.00	537	38.3
Total/Avg./Wtd. Avg.....	1,483	\$ 272,522,714	100.00%	\$ 183,764	6.789%	347.68	616	74.2%

(1) Treated as real property.

**Occupancy Types for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Occupancy Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Owner Occupied .....	1,448	\$ 267,000,050	97.97%	\$ 184,392	6.781%	347.80	616	74.4%
Investment Property.....	28	4,455,086	1.63	159,110	7.021	343.72	631	66.5
Second Home.....	7	1,067,578	0.39	152,511	7.844	333.70	577	68.1
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

(1) Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Loan Purposes for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Loan Purpose</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Refinance – Cash Out .....	1,165	\$ 219,477,227	80.54%	\$ 188,392	6.724%	346.16	612	73.0%
Purchase.....	211	36,080,113	13.24	170,996	7.174	357.36	640	80.1
Refinance – Rate/Term .....	107	16,965,374	6.23	158,555	6.811	346.65	630	77.6
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**Credit Grade Categories for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Credit Grade Category</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
A .....	1,184	\$ 220,924,684	81.07%	\$ 186,592	6.744%	349.51	624	75.0%
A-.....	100	17,757,959	6.52	177,580	6.982	338.88	583	72.1
B .....	120	20,857,132	7.65	173,809	6.948	337.79	581	71.2
C .....	53	8,624,440	3.16	162,725	7.168	338.08	596	69.3
C-.....	21	3,705,999	1.36	176,476	6.669	359.52	605	68.3
D .....	5	652,500	0.24	130,500	7.431	341.66	564	80.9
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

**Loan Documentation Type for the Group 1 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Documentation Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Full Documentation .....	1,141	\$ 203,998,736	74.86%	\$ 178,789	6.762%	348.41	610	74.5%
Stated Income .....	341	68,391,477	25.10	200,562	6.869	345.45	636	73.4
Simple Documentation .....	1	132,500	0.05	132,500	5.750	360.00	624	69.7
Total/Avg./Wtd. Avg.....	<u>1,483</u>	<u>\$ 272,522,714</u>	<u>100.00%</u>	<u>\$ 183,764</u>	<u>6.789%</u>	<u>347.68</u>	<u>616</u>	<u>74.2%</u>

## ADJUSTABLE RATE MORTGAGE LOANS

### Mortgage Loan Programs for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool

Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
30-Year 6-month LIBOR.....	3	\$ 788,027	0.10%	\$ 262,676	6.259%	359.30	555	85.9%
2/28 6-month LIBOR.....	256	45,292,624	5.50	176,924	7.443	358.41	598	81.6
2/28 6-month LIBOR – Interest Only.....	77	18,377,597	2.23	238,670	6.824	358.92	606	82.0
3/27 6-month LIBOR.....	3,207	553,212,726	67.15	172,502	7.235	359.65	592	80.5
3/27 6-month LIBOR – Interest Only.....	922	205,944,577	25.00	223,367	6.749	359.68	604	81.3
5/25 6-month LIBOR.....	1	221,166	0.03	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

### Original Term to Stated Maturity for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
ARM 360.....	4,466	\$ 823,836,717	100.00%	\$ 184,469	7.114%	359.57	596	80.8%
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

### Mortgage Loan Principal Balances for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool

Range of Mortgage Loan Principal Balances	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
\$ 25,000.01 – \$ 50,000.00....	16	\$ 734,258	0.09%	\$ 45,891	8.803%	358.64	590	77.4%
\$ 50,000.01 – \$ 75,000.00....	280	18,193,204	2.21	64,976	8.079	359.11	602	81.1
\$ 75,000.01 – \$100,000.00....	492	43,588,976	5.29	88,595	7.631	359.57	597	81.5
\$100,000.01 – \$150,000.00....	1,230	154,060,493	18.70	125,252	7.433	359.55	596	81.3
\$150,000.01 – \$200,000.00....	907	157,910,676	19.17	174,102	7.212	359.56	592	80.7
\$200,000.01 – \$250,000.00....	580	130,080,115	15.79	224,276	6.959	359.60	595	80.5
\$250,000.01 – \$300,000.00....	424	116,088,150	14.09	273,793	6.870	359.62	595	80.6
\$300,000.01 – \$350,000.00....	241	77,688,547	9.43	322,359	6.872	359.58	597	81.6
\$350,000.01 – \$400,000.00....	142	53,140,067	6.45	374,226	6.816	359.60	603	80.6
\$400,000.01 – \$450,000.00....	80	33,934,281	4.12	424,179	6.903	359.56	595	80.6
\$450,000.01 – \$500,000.00....	51	24,505,339	2.97	480,497	6.708	359.62	591	77.8
\$500,000.01 – \$550,000.00....	7	3,616,800	0.44	516,686	6.652	359.86	608	78.5
\$550,000.01 – \$600,000.00....	7	4,021,100	0.49	574,443	6.167	360.00	611	79.1
\$600,000.01 – \$650,000.00....	5	3,150,460	0.38	630,092	6.994	358.81	629	80.5
\$650,000.01 – \$700,000.00....	1	675,000	0.08	675,000	7.400	359.00	612	75.0
\$700,000.01 – \$750,000.00....	2	1,489,250	0.18	744,625	7.752	359.00	609	80.0
Greater than \$900,000.00.....	1	960,000	0.12	960,000	6.250	360.00	650	80.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>



**Current Mortgage Rates for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Current Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
4.501 – 5.000 .....	6	\$ 1,950,408	0.24%	\$ 325,068	4.972%	359.69	621	79.6%
5.001 – 5.500 .....	81	19,339,069	2.35	238,754	5.387	359.76	634	76.9
5.501 – 6.000 .....	476	107,828,722	13.09	226,531	5.863	359.73	613	76.9
6.001 – 6.500 .....	703	152,482,303	18.51	216,902	6.341	359.70	608	79.7
6.501 – 7.000 .....	894	168,075,062	20.40	188,003	6.821	359.67	601	80.4
7.001 – 7.500 .....	702	118,950,137	14.44	169,445	7.328	359.48	593	81.0
7.501 – 8.000 .....	671	117,014,750	14.20	174,389	7.797	359.43	586	82.4
8.001 – 8.500 .....	342	55,463,172	6.73	162,173	8.330	359.29	570	83.2
8.501 – 9.000 .....	325	50,311,078	6.11	154,803	8.800	359.37	567	84.8
9.001 – 9.500 .....	130	17,781,196	2.16	136,778	9.301	359.24	568	85.3
9.501 – 10.000 .....	88	9,955,561	1.21	113,131	9.797	359.59	559	86.7
10.001 – 10.500 .....	25	2,360,165	0.29	94,407	10.320	359.52	557	86.7
10.501 – 11.000 .....	17	1,814,041	0.22	106,708	10.824	359.76	554	86.8
11.001 – 11.500 .....	6	511,054	0.06	85,176	11.359	359.41	561	86.8
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Remaining Terms to Stated Maturity for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Remaining Terms (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
181 – 300 .....	1	\$ 68,107	0.01%	\$ 68,107	8.375%	280.00	616	87.9%
301 – 360 .....	4,465	823,768,610	99.99	184,495	7.114	359.58	596	80.8
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Loan-to-Value Ratios for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Loan-to-Value Ratios (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
50.00 or Less.....	34	\$ 5,422,131	0.66%	\$ 159,474	6.288%	359.65	575	42.8%
50.01 – 55.00 .....	31	6,183,243	0.75	199,459	6.560	359.57	564	52.7
55.01 – 60.00 .....	51	9,498,764	1.15	186,250	6.609	359.65	570	58.1
60.01 – 65.00 .....	127	25,170,820	3.06	198,195	7.078	359.29	562	63.3
65.01 – 70.00 .....	214	44,061,058	5.35	205,893	6.874	359.62	570	68.4
70.01 – 75.00 .....	394	79,021,836	9.59	200,563	7.188	359.54	574	73.8
75.01 – 80.00 .....	1,976	348,103,225	42.25	176,166	6.839	359.62	614	79.7
80.01 – 85.00 .....	553	106,419,252	12.92	192,440	7.395	359.56	579	84.2
85.01 – 90.00 .....	747	144,719,588	17.57	193,734	7.353	359.53	592	89.6
90.01 – 95.00 .....	196	33,297,037	4.04	169,883	7.828	359.56	603	94.5
95.01 – 100.00 .....	143	21,939,764	2.66	153,425	8.294	359.41	609	99.8
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**State Distribution of the Mortgaged Properties for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	47	\$ 5,174,957	0.63%	\$ 110,105	7.684%	359.50	596	85.1%
Alaska.....	3	647,067	0.08	215,689	7.830	359.14	597	93.4
Arizona.....	137	21,418,016	2.60	156,336	7.003	359.42	604	82.4
Arkansas.....	14	1,208,411	0.15	86,315	8.165	358.90	606	88.9
California.....	855	230,616,894	27.99	269,727	6.574	359.64	599	78.5
Colorado.....	117	21,080,649	2.56	180,176	6.563	359.63	608	82.2
Connecticut.....	79	14,142,719	1.72	179,022	7.701	359.66	588	81.7
Delaware.....	11	1,398,283	0.17	127,117	7.240	359.63	603	83.1
District of Columbia.....	13	3,141,024	0.38	241,617	7.628	359.23	581	79.4
Florida.....	344	55,819,243	6.78	162,265	7.312	359.54	594	83.1
Georgia.....	160	22,393,555	2.72	139,960	7.724	359.56	596	84.4
Hawaii.....	13	3,155,606	0.38	242,739	6.991	359.86	614	80.4
Idaho.....	29	3,774,747	0.46	130,164	6.932	359.67	615	83.3
Illinois.....	276	46,962,414	5.70	170,154	7.531	359.61	594	81.9
Indiana.....	53	5,960,499	0.72	112,462	7.707	359.59	588	83.4
Iowa.....	25	2,809,599	0.34	112,384	7.439	359.81	598	82.1
Kansas.....	20	2,433,071	0.30	121,654	8.291	359.77	582	88.6
Kentucky.....	30	3,606,620	0.44	120,221	7.680	359.55	605	83.8
Louisiana.....	34	4,338,185	0.53	127,594	7.761	359.65	591	84.9
Maine.....	19	2,532,772	0.31	133,304	7.600	359.55	592	77.1
Maryland.....	158	31,740,849	3.85	200,891	7.486	359.38	590	80.9
Massachusetts.....	109	23,554,781	2.86	216,099	7.138	359.37	586	77.1
Michigan.....	130	16,859,161	2.05	129,686	7.463	359.56	595	83.0
Minnesota.....	96	16,790,432	2.04	174,900	7.381	359.61	590	81.0
Mississippi.....	24	2,737,449	0.33	114,060	7.803	359.72	596	85.4
Missouri.....	83	9,733,902	1.18	117,276	8.003	359.46	585	82.8
Montana.....	12	1,835,957	0.22	152,996	6.782	359.91	613	82.6
Nebraska.....	3	280,247	0.03	93,416	7.298	359.39	591	80.0
Nevada.....	127	27,470,173	3.33	216,301	6.961	359.69	596	79.9
New Hampshire.....	23	4,247,785	0.52	184,686	6.946	359.65	599	82.4
New Jersey.....	154	32,352,707	3.93	210,083	7.337	359.55	583	78.7
New Mexico.....	28	3,450,706	0.42	123,240	7.313	359.71	600	81.5
New York.....	150	36,755,324	4.46	245,035	7.167	359.61	591	77.5
North Carolina.....	112	15,991,503	1.94	142,781	7.403	359.56	598	84.8
North Dakota.....	1	87,120	0.01	87,120	6.340	360.00	628	80.0
Ohio.....	78	9,342,335	1.13	119,774	7.620	359.47	594	83.3
Oklahoma.....	25	3,050,921	0.37	122,037	7.478	359.80	585	84.7
Oregon.....	70	11,751,805	1.43	167,883	6.756	359.71	602	81.7
Pennsylvania.....	86	11,216,530	1.36	130,425	7.638	359.54	587	82.6
Rhode Island.....	13	2,530,366	0.31	194,644	7.544	359.36	589	80.1
South Carolina.....	23	3,014,886	0.37	131,082	8.080	359.43	601	80.9
South Dakota.....	3	269,420	0.03	89,807	7.737	359.61	607	84.8
Tennessee.....	65	7,762,934	0.94	119,430	7.547	359.56	602	87.1
Texas.....	260	32,799,858	3.98	126,153	7.344	359.57	609	82.1
Utah.....	34	5,653,829	0.69	166,289	6.871	359.70	614	82.4
Vermont.....	6	1,313,750	0.16	218,958	7.476	360.00	577	71.0
Virginia.....	159	32,281,025	3.92	203,025	7.281	359.27	587	82.6
Washington.....	102	18,921,139	2.30	185,501	6.778	359.70	601	81.9
West Virginia.....	8	1,599,207	0.19	199,901	7.497	359.54	566	82.4
Wisconsin.....	39	5,040,815	0.61	129,252	7.862	358.50	608	81.6
Wyoming.....	6	785,465	0.10	130,911	7.253	359.53	571	73.3
Total/Avg./Wtd. Avg.....	4,466	\$ 823,836,717	100.00%	\$ 184,469	7.114%	359.57	596	80.8%

**Credit Bureau Risk Scores<sup>(1)</sup> for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Credit Bureau Risk Scores</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
781 – 800 .....	4	\$ 416,421	0.05%	\$ 104,105	6.851%	359.10	789	80.0%
761 – 780 .....	7	1,175,232	0.14	167,890	6.302	359.33	768	79.4
741 – 760 .....	6	829,170	0.10	138,195	6.338	359.08	751	80.0
721 – 740 .....	24	3,793,899	0.46	158,079	6.203	359.59	726	79.5
701 – 720 .....	58	9,920,623	1.20	171,045	6.444	359.43	709	79.3
681 – 700 .....	95	17,029,442	2.07	179,257	6.423	359.44	690	79.8
661 – 680 .....	158	29,122,839	3.54	184,322	6.667	359.65	670	78.4
641 – 660 .....	286	50,180,211	6.09	175,455	6.800	359.48	649	80.1
621 – 640 .....	626	119,232,494	14.47	190,467	6.805	359.58	630	82.8
601 – 620 .....	806	154,418,714	18.74	191,586	6.931	359.59	610	83.0
581 – 600 .....	833	151,813,916	18.43	182,250	7.066	359.59	591	82.3
561 – 580 .....	514	95,974,037	11.65	186,720	7.252	359.60	571	81.0
541 – 560 .....	463	83,755,261	10.17	180,897	7.588	359.58	550	79.4
521 – 540 .....	364	66,587,382	8.08	182,932	7.752	359.54	531	76.6
501 – 520 .....	216	38,627,786	4.69	178,832	7.882	359.49	511	73.3
500 or Less .....	6	959,288	0.12	159,881	7.064	359.80	497	70.4
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Adjustable Rate Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Prepayment Penalty Period for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Prepayment Penalty Period (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
0 .....	1,547	\$ 276,122,216	33.52%	\$ 178,489	7.492%	359.64	593	80.8%
6 .....	3	345,296	0.04	115,099	7.166	358.16	591	72.9
12 .....	116	26,126,444	3.17	225,228	7.395	359.14	590	78.7
24 .....	318	64,489,388	7.83	202,797	7.027	359.10	603	81.4
30 .....	3	676,376	0.08	225,459	8.662	359.48	536	86.1
36 .....	2,472	454,837,701	55.21	183,996	6.879	359.63	597	80.8
60 .....	7	1,239,295	0.15	177,042	7.074	354.57	584	90.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Gross Margins for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Gross Margins (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
2.001 – 3.000 .....	4	\$ 880,910	0.11%	\$ 220,228	6.864%	355.60	654	79.1%
3.001 – 4.000 .....	3	497,049	0.06	165,683	6.751	359.24	605	74.5
4.001 – 5.000 .....	215	49,958,244	6.06	232,364	5.820	359.76	616	75.0
5.001 – 6.000 .....	1,210	239,157,952	29.03	197,651	6.546	359.69	604	78.1
6.001 – 7.000 .....	1,400	261,968,293	31.80	187,120	7.047	359.60	597	81.6
7.001 – 8.000 .....	1,089	187,614,557	22.77	172,282	7.671	359.43	588	83.2
8.001 – 9.000 .....	431	66,913,982	8.12	155,253	8.306	359.36	577	83.8
9.001 – 10.000 .....	97	14,693,395	1.78	151,478	9.130	359.38	571	84.7
10.001 – 11.000 .....	14	1,559,549	0.19	111,396	9.446	359.81	576	87.8
11.001 – 12.000 .....	2	367,785	0.04	183,893	10.180	359.88	581	88.8
12.001 – 13.000 .....	1	225,000	0.03	225,000	7.750	360.00	545	100.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average Gross Margin for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.646%.

**Next Adjustment Date for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Next Adjustment Date</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
March 2005 .....	1	\$ 68,107	0.01%	\$ 68,107	8.375%	280.00	616	87.9%
April 2005 .....	1	233,177	0.03	233,177	6.500	358.00	543	80.0
May 2005 .....	1	82,350	0.01	82,350	8.500	359.00	570	79.5
June 2005 .....	1	472,500	0.06	472,500	5.750	360.00	559	90.0
June 2006 .....	3	835,413	0.10	278,471	7.325	354.00	581	90.1
July 2006 .....	6	810,160	0.10	135,027	7.847	355.00	561	81.2
August 2006 .....	11	2,072,945	0.25	188,450	7.182	356.00	606	80.3
September 2006 .....	40	7,505,975	0.91	187,649	7.762	357.01	589	81.1
October 2006 .....	48	9,106,124	1.11	189,711	7.500	358.02	600	81.8
November 2006 .....	149	29,041,875	3.53	194,912	7.227	359.01	603	81.9
December 2006 .....	75	14,229,622	1.73	189,728	6.898	360.00	604	81.5
July 2007 .....	1	448,846	0.05	448,846	9.375	355.00	544	63.2
August 2007 .....	11	1,631,176	0.20	148,289	7.572	356.00	583	83.6
September 2007 .....	20	3,119,671	0.38	155,984	7.859	357.02	584	82.4
October 2007 .....	230	37,519,977	4.55	163,130	7.492	358.04	595	80.5
November 2007 .....	956	170,098,656	20.65	177,927	7.366	359.01	597	80.7
December 2007 .....	2,910	546,089,077	66.29	187,659	6.987	360.00	595	80.7
January 2008 .....	1	249,900	0.03	249,900	6.875	360.00	536	85.0
November 2008 .....	1	221,166	0.03	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average next adjustment date for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is November 1, 2007.

**Maximum Mortgage Rates for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Maximum Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
10.501 – 11.000 .....	4	\$ 990,374	0.12%	\$ 247,594	5.233%	356.32	670	81.3%
11.001 – 11.500 .....	12	2,505,976	0.30	208,831	5.556	359.37	658	78.7
11.501 – 12.000 .....	32	7,922,167	0.96	247,568	5.733	358.98	631	78.5
12.001 – 12.500 .....	136	30,549,700	3.71	224,630	5.813	359.42	625	78.2
12.501 – 13.000 .....	549	120,480,679	14.62	219,455	6.024	359.67	611	77.6
13.001 – 13.500 .....	754	159,908,957	19.41	212,081	6.470	359.63	606	80.0
13.501 – 14.000 .....	929	173,608,390	21.07	186,877	6.965	359.63	598	80.6
14.001 – 14.500 .....	655	108,774,311	13.20	166,068	7.426	359.57	589	81.0
14.501 – 15.000 .....	615	104,430,202	12.68	169,805	7.916	359.51	584	82.9
15.001 – 15.500 .....	298	47,868,830	5.81	160,634	8.392	359.40	569	83.3
15.501 – 16.000 .....	258	39,142,125	4.75	151,714	8.834	359.53	565	84.2
16.001 – 16.500 .....	106	14,839,511	1.80	139,995	9.313	359.27	569	85.1
16.501 – 17.000 .....	71	8,260,285	1.00	116,342	9.792	359.61	556	86.4
17.001 – 17.500 .....	25	2,275,700	0.28	91,028	10.346	359.48	557	86.7
17.501 – 18.000 .....	17	1,814,041	0.22	106,708	10.824	359.76	554	86.8
18.001 – 18.500 .....	5	465,469	0.06	93,094	11.350	359.45	565	87.4
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average Maximum Mortgage Rate for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 13.970%.

**Initial Periodic Rate Cap for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Initial Periodic Rate Cap (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
1.000 .....	40	\$ 7,176,490	0.87%	\$ 179,412	7.608%	358.89	582	81.1%
1.500 .....	3,574	667,316,235	81.00	186,714	7.040	359.75	596	80.5
1.505 .....	1	67,200	0.01	67,200	7.875	360.00	564	80.0
2.000 .....	41	5,732,849	0.70	139,826	7.959	358.97	612	86.0
2.100 .....	1	208,000	0.03	208,000	7.800	360.00	542	69.3
3.000 .....	805	142,429,774	17.29	176,931	7.399	358.79	597	82.1
5.000 .....	1	221,166	0.03	221,166	5.750	347.00	696	80.0
6.000 .....	2	305,403	0.04	152,701	7.817	358.43	581	79.3
7.000 .....	1	379,600	0.05	379,600	7.875	359.00	611	80.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average Initial Periodic Rate Cap for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.764%.

**Subsequent Periodic Rate Cap for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Subsequent Periodic Rate Cap (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
1.000 .....	707	\$ 126,849,974	15.40%	\$ 179,420	7.421%	358.83	599	82.4%
1.500 .....	3,752	695,877,669	84.47	185,468	7.058	359.71	595	80.5
1.980 .....	1	64,965	0.01	64,965	9.100	359.00	517	71.4
2.000 .....	5	848,264	0.10	169,653	6.917	355.52	628	75.7
3.000 .....	1	195,844	0.02	195,844	7.150	359.00	540	80.0
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average Subsequent Periodic Rate Cap for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.424%.

**Minimum Mortgage Rates for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Minimum Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
2.001 – 3.000 .....	2	\$ 349,047	0.04%	\$ 174,523	6.025%	351.40	666	80.0%
4.001 – 5.000 .....	9	2,559,699	0.31	284,411	5.194	359.42	631	79.7
5.001 – 6.000 .....	560	127,096,314	15.43	226,958	5.813	359.75	616	76.9
6.001 – 7.000 .....	1,604	321,130,830	38.98	200,206	6.607	359.67	604	80.1
7.001 – 8.000 .....	1,356	233,820,717	28.38	172,434	7.553	359.47	590	81.7
8.001 – 9.000 .....	671	106,708,298	12.95	159,029	8.520	359.35	569	83.8
9.001 – 10.000 .....	215	27,339,105	3.32	127,159	9.481	359.37	565	85.9
Greater than 10.000 .....	49	4,832,707	0.59	98,627	10.513	359.57	557	86.5
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) The weighted average Minimum Mortgage Rate for the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 7.110%.

**Types of Mortgaged Properties for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Property Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
Single Family Residence .....	3,404	\$ 613,788,840	74.50%	\$ 180,314	7.122%	359.58	594	80.6%
Planned Unit Development....	630	125,973,007	15.29	199,957	7.036	359.49	601	82.6
Low-Rise Condominium.....	262	45,565,039	5.53	173,912	7.062	359.65	605	81.0
Two Family Home .....	125	29,646,756	3.60	237,174	7.324	359.60	601	78.1
High-Rise Condominium .....	16	3,792,581	0.46	237,036	7.088	359.61	615	80.9
Three Family Home .....	15	3,055,295	0.37	203,686	7.446	359.66	592	74.4
Four Family Home .....	8	1,377,997	0.17	172,250	6.922	359.83	619	81.7
Manufactured Housing <sup>(1)</sup> .....	6	637,202	0.08	106,200	8.093	359.66	608	63.6
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) Treated as real property.

**Occupancy Types for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Occupancy Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Owner Occupied .....	4,377	\$ 810,463,001	98.38%	\$ 185,164	7.106%	359.57	596	80.8%
Investment Property.....	61	8,442,446	1.02	138,401	7.547	359.71	603	78.5
Second Home.....	28	4,931,270	0.60	176,117	7.694	359.16	592	75.6
Total/Avg./Wtd. Avg....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

(1) Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Loan Purposes for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Loan Purpose</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Refinance – Cash Out .....	2,560	\$ 502,087,051	60.94%	\$ 196,128	7.096%	359.60	584	79.2%
Purchase.....	1,681	285,215,962	34.62	169,670	7.146	359.53	618	83.4
Refinance – Rate/Term .....	225	36,533,704	4.43	162,372	7.118	359.48	592	81.1
Total/Avg./Wtd. Avg....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Credit Grade Categories for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Credit Grade Category</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
A .....	3,506	\$ 643,903,319	78.16%	\$ 183,658	7.042%	359.58	603	81.6%
A-.....	312	61,504,304	7.47	197,129	7.235	359.40	578	80.3
B .....	394	70,919,341	8.61	179,998	7.442	359.68	567	77.8
C .....	188	34,557,375	4.19	183,816	7.480	359.48	565	74.8
C-.....	40	8,068,192	0.98	201,705	7.372	359.64	567	75.3
D .....	26	4,884,186	0.59	187,853	7.418	359.36	548	73.4
Total/Avg./Wtd. Avg....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Range of Months to Next Adjustment Date for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Months to Next Adjustment Date</b>	<b>Weighted Average Months to Next Adjustme nt Date</b>	<b>Number of Mortgag e Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
0 – 6.....	5	4	\$ 856,134	0.10%	\$ 214,033	6.428%	352.99	560	86.1%
13 – 18.....	18	3	835,413	0.10	278,471	7.325	354.00	581	90.1
19 – 24.....	23	329	62,766,701	7.62	190,780	7.262	358.70	601	81.6
25 – 31.....	31	1	448,846	0.05	448,846	9.375	355.00	544	63.2
32 – 37.....	36	4,128	758,708,457	92.09	183,796	7.102	359.66	596	80.7
38 or Greater.....	47	1	221,166	0.03	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg.....	35	<u>4,466</u>	<u>\$823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>

**Loan Documentation Type for the Adjustable Rate Mortgage Loans  
in the Statistical Calculation Pool**

<b>Documentation Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Full Documentation .....	3,105	\$ 547,288,411	66.43%	\$ 176,260	7.058%	359.61	589	81.4%
Stated Income .....	1,359	276,330,836	33.54	203,334	7.226	359.49	610	79.6
Simple Documentation .....	1	165,000	0.02	165,000	7.500	360.00	556	75.0
Streamlined Documentation...	1	52,470	0.01	52,470	7.000	360.00	653	79.5
Total/Avg./Wtd. Avg.....	<u>4,466</u>	<u>\$ 823,836,717</u>	<u>100.00%</u>	<u>\$ 184,469</u>	<u>7.114%</u>	<u>359.57</u>	<u>596</u>	<u>80.8%</u>



## GROUP 2 MORTGAGE LOANS

### Mortgage Loan Programs for the Group 2 Mortgage Loans in the Statistical Calculation Pool

Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
30-Year 6-month LIBOR.....	1	\$ 233,177	0.05%	\$ 233,177	6.500%	358.00	543	80.0%
2/28 6-month LIBOR.....	121	20,914,124	4.28	172,844	7.088	358.90	611	80.1
2/28 6-month LIBOR – Interest Only .....	34	7,004,074	1.43	206,002	6.821	358.97	603	82.2
3/27 6-month LIBOR.....	2,120	350,329,017	71.64	165,250	7.098	359.68	594	80.0
3/27 6-month LIBOR – Interest Only .....	571	110,519,409	22.6	193,554	6.689	359.72	605	81.5
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

### Original Term to Stated Maturity for the Group 2 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
ARM 360 .....	2,847	\$ 488,999,801	100.00%	\$ 171,760	7.001%	359.65	597	80.4%
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

### Mortgage Loan Principal Balances for the Group 2 Mortgage Loans in the Statistical Calculation Pool

Range of Mortgage Loan Principal Balances	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
\$ 25,000.01 – \$ 50,000.00....	4	\$ 177,168	0.04%	\$ 44,292	9.041%	359.28	611	67.6%
\$ 50,000.01 – \$ 75,000.00....	167	10,875,964	2.22	65,126	7.822	359.48	612	80.5
\$ 75,000.01 – \$100,000.00....	301	26,818,792	5.48	89,099	7.354	359.65	602	80.7
\$100,000.01 – \$150,000.00....	810	101,445,159	20.75	125,241	7.206	359.64	600	80.7
\$150,000.01 – \$200,000.00....	647	112,859,731	23.08	174,435	7.074	359.63	594	80.5
\$200,000.01 – \$250,000.00....	431	96,617,572	19.76	224,171	6.834	359.66	595	79.8
\$250,000.01 – \$300,000.00....	334	91,473,958	18.71	273,874	6.762	359.69	596	80.3
\$300,000.01 – \$350,000.00....	145	45,784,870	9.36	315,758	6.795	359.66	598	81.0
\$350,000.01 – \$400,000.00....	8	2,946,586	0.60	368,323	6.867	359.37	608	79.7
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Current Mortgage Rates for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Current Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
4.501 – 5.000 .....	3	\$ 859,635	0.18%	\$ 286,545	4.941%	359.70	619	81.5%
5.001 – 5.500 .....	51	10,924,514	2.23	214,206	5.360	359.76	638	78.2
5.501 – 6.000 .....	340	68,486,577	14.01	201,431	5.873	359.78	616	76.9
6.001 – 6.500 .....	487	93,053,159	19.03	191,074	6.347	359.75	605	79.2
6.501 – 7.000 .....	637	109,047,806	22.30	171,190	6.825	359.70	600	80.2
7.001 – 7.500 .....	504	79,392,055	16.24	157,524	7.333	359.54	595	81.2
7.501 – 8.000 .....	450	73,634,090	15.06	163,631	7.795	359.49	585	82.4
8.001 – 8.500 .....	163	25,782,440	5.27	158,174	8.328	359.45	571	83.4
8.501 – 9.000 .....	132	19,231,018	3.93	145,690	8.801	359.52	559	83.7
9.001 – 9.500 .....	37	4,397,095	0.90	118,840	9.313	359.75	564	83.4
9.501 – 10.000 .....	25	2,696,553	0.55	107,862	9.821	359.91	547	86.0
10.001 – 10.500 .....	9	692,631	0.14	76,959	10.337	359.23	555	86.9
10.501 – 11.000 .....	5	469,715	0.10	93,943	10.836	359.80	530	81.1
11.001 – 11.500 .....	4	332,511	0.07	83,128	11.290	359.64	541	84.4
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Remaining Terms to Stated Maturity for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Remaining Terms (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
301 – 360 .....	2,847	\$ 488,999,801	100.00%	\$ 171,760	7.001%	359.65	597	80.4%
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Loan-to-Value Ratios for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Loan-to-Value Ratios (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
50.00 or Less.....	24	\$ 3,406,415	0.70%	\$ 141,934	6.389%	359.64	573	43.7%
50.01 – 55.00 .....	21	4,113,487	0.84	195,880	6.672	359.43	564	52.6
55.01 – 60.00 .....	38	6,892,870	1.41	181,391	6.568	359.70	564	58.2
60.01 – 65.00 .....	89	16,027,081	3.28	180,080	6.936	359.42	565	63.1
65.01 – 70.00 .....	130	24,321,531	4.97	187,089	6.854	359.72	565	68.3
70.01 – 75.00 .....	239	44,984,850	9.20	188,221	7.064	359.62	574	73.7
75.01 – 80.00 .....	1,354	220,794,439	45.15	163,068	6.796	359.67	615	79.7
80.01 – 85.00 .....	334	58,581,521	11.98	175,394	7.261	359.68	581	84.1
85.01 – 90.00 .....	437	80,414,582	16.44	184,015	7.218	359.64	592	89.6
90.01 – 95.00 .....	116	18,820,682	3.85	162,247	7.658	359.59	601	94.3
95.01 – 100.00 .....	65	10,642,344	2.18	163,728	7.790	359.58	610	99.8
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**State Distribution of the Mortgaged Properties for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	27	\$ 3,195,036	0.65%	\$ 118,335	7.607%	359.38	598	85.8%
Alaska.....	2	297,299	0.06	148,650	7.570	359.30	591	85.5
Arizona.....	88	13,124,433	2.68	149,141	6.921	359.58	602	82.4
Arkansas.....	6	550,196	0.11	91,699	7.845	358.50	616	88.0
California.....	522	121,389,612	24.82	232,547	6.566	359.67	598	77.6
Colorado.....	88	15,442,620	3.16	175,484	6.466	359.76	607	82.3
Connecticut.....	47	8,792,380	1.80	187,072	7.440	359.72	592	81.4
Delaware.....	8	1,050,516	0.21	131,315	6.768	359.76	616	82.9
District of Columbia.....	8	1,554,568	0.32	194,321	7.274	359.33	580	79.9
Florida.....	245	38,678,666	7.91	157,872	7.158	359.65	596	82.7
Georgia.....	102	14,446,191	2.95	141,629	7.416	359.59	602	83.9
Hawaii.....	8	1,944,206	0.40	243,026	6.998	359.77	606	79.0
Idaho.....	19	2,408,106	0.49	126,742	6.894	359.56	602	83.9
Illinois.....	179	30,103,538	6.16	168,176	7.378	359.66	596	81.1
Indiana.....	23	2,614,825	0.53	113,688	7.197	359.76	598	81.1
Iowa.....	16	1,937,625	0.40	121,102	7.070	359.93	604	81.0
Kansas.....	11	1,422,761	0.29	129,342	8.032	359.84	595	91.3
Kentucky.....	13	1,751,969	0.36	134,767	7.170	359.53	620	82.8
Louisiana.....	20	2,285,503	0.47	114,275	7.889	359.73	588	86.2
Maine.....	8	1,203,072	0.25	150,384	7.589	359.81	599	74.8
Maryland.....	91	16,505,134	3.38	181,375	7.418	359.46	588	80.3
Massachusetts.....	58	11,172,983	2.28	192,638	6.916	359.56	580	77.8
Michigan.....	87	10,939,326	2.24	125,739	7.192	359.62	599	82.5
Minnesota.....	64	10,221,150	2.09	159,705	7.197	359.64	593	81.9
Mississippi.....	16	1,634,336	0.33	102,146	7.282	359.83	606	83.4
Missouri.....	49	5,467,483	1.12	111,581	7.708	359.62	595	82.5
Montana.....	9	1,551,222	0.32	172,358	6.718	359.89	612	82.7
Nebraska.....	1	103,047	0.02	103,047	7.750	359.00	587	80.0
Nevada.....	91	18,801,154	3.84	206,606	6.927	359.73	596	80.1
New Hampshire.....	8	1,708,825	0.35	213,603	7.088	359.39	593	82.0
New Jersey.....	103	19,397,506	3.97	188,325	7.314	359.65	584	77.3
New Mexico.....	21	2,693,199	0.55	128,248	7.078	359.73	599	81.1
New York.....	95	21,788,419	4.46	229,352	7.081	359.57	585	75.8
North Carolina.....	73	9,866,981	2.02	135,164	7.019	359.70	604	83.2
North Dakota.....	1	87,120	0.02	87,120	6.340	360.00	628	80.0
Ohio.....	44	5,367,836	1.10	121,996	7.376	359.69	599	81.8
Oklahoma.....	17	1,888,211	0.39	111,071	7.370	359.87	582	86.1
Oregon.....	52	8,680,642	1.78	166,935	6.636	359.80	608	81.2
Pennsylvania.....	63	8,686,328	1.78	137,878	7.463	359.72	592	83.1
Rhode Island.....	7	1,303,120	0.27	186,160	7.140	359.63	587	81.4
South Carolina.....	12	1,789,576	0.37	149,131	7.628	359.69	600	79.5
South Dakota.....	1	80,000	0.02	80,000	7.250	360.00	593	80.0
Tennessee.....	43	5,153,932	1.05	119,859	7.210	359.57	607	85.6
Texas.....	173	20,929,699	4.28	120,981	7.119	359.63	610	82.2
Utah.....	22	3,237,706	0.66	147,168	6.417	359.69	626	79.8
Vermont.....	2	425,750	0.09	212,875	6.839	360.00	550	72.6
Virginia.....	92	15,891,173	3.25	172,730	7.157	359.46	591	81.9
Washington.....	79	14,839,600	3.03	187,843	6.609	359.73	604	81.9
West Virginia.....	7	1,261,707	0.26	180,244	7.865	359.42	567	84.4
Wisconsin.....	23	3,004,000	0.61	130,609	7.602	359.68	604	80.6
Wyoming.....	3	329,513	0.07	109,838	7.728	359.32	568	83.2
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Credit Bureau Risk Scores<sup>(1)</sup> for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
781 – 800 .....	1	\$ 69,060	0.01%	\$ 69,060	6.750%	359.00	784	80.0%
761 – 780 .....	5	728,832	0.15	145,766	6.336	358.92	770	79.1
741 – 760 .....	5	697,170	0.14	139,434	6.251	358.90	753	80.0
721 – 740 .....	19	2,595,196	0.53	136,589	6.333	359.55	727	79.3
701 – 720 .....	32	4,551,570	0.93	142,237	6.563	359.39	709	79.1
681 – 700 .....	64	10,749,725	2.20	167,964	6.424	359.68	691	79.9
661 – 680 .....	121	20,746,770	4.24	171,461	6.613	359.64	669	79.2
641 – 660 .....	213	34,719,824	7.10	163,004	6.738	359.53	649	79.7
621 – 640 .....	392	68,470,510	14.00	174,670	6.728	359.66	630	82.8
601 – 620 .....	509	88,372,234	18.07	173,619	6.840	359.65	610	82.6
581 – 600 .....	551	92,499,940	18.92	167,876	6.971	359.67	591	81.8
561 – 580 .....	320	55,411,640	11.33	173,161	7.131	359.68	571	80.5
541 – 560 .....	270	48,145,441	9.85	178,316	7.395	359.67	550	78.5
521 – 540 .....	215	38,312,859	7.83	178,199	7.598	359.64	531	75.9
501 – 520 .....	125	22,154,241	4.53	177,234	7.663	359.64	512	73.7
500 or Less .....	5	774,788	0.16	154,958	7.109	359.76	500	65.7
Total/Avg./Wtd. Avg.....	2,847	\$ 488,999,801	100.00%	\$ 171,760	7.001%	359.65	597	80.4%

(1) The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Group 2 Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Prepayment Penalty Period for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
0 .....	979	\$ 163,777,341	33.49%	\$ 167,290	7.341%	359.70	593	80.1%
6 .....	2	288,434	0.06	144,217	7.002	358.00	577	71.7
12 .....	62	12,501,550	2.56	201,638	7.252	359.37	591	78.7
24 .....	182	33,534,799	6.86	184,257	6.974	359.33	602	80.9
36 .....	1,622	278,897,678	57.03	171,947	6.794	359.67	599	80.6
Total/Avg./Wtd. Avg.....	2,847	\$ 488,999,801	100.00%	\$ 171,760	7.001%	359.65	597	80.4%

**Gross Margins for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
2.001 – 3.000 .....	1	\$ 191,073	0.04%	\$ 191,073	6.375%	359.00	636	85.0%
3.001 – 4.000 .....	2	326,249	0.07	163,125	7.079	359.37	590	76.8
4.001 – 5.000 .....	151	30,912,416	6.32	204,718	5.854	359.73	618	74.5
5.001 – 6.000 .....	925	159,843,396	32.69	172,804	6.593	359.77	601	77.7
6.001 – 7.000 .....	1,018	175,175,235	35.82	172,078	7.102	359.64	596	81.5
7.001 – 8.000 .....	750	122,551,432	25.06	163,402	7.679	359.48	588	83.9
Total/Avg./Wtd. Avg.....	2,847	\$ 488,999,801	100.00%	\$ 171,760	7.001%	359.65	597	80.4%

(1) The weighted average Gross Margin for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.412%.

**Next Adjustment Date for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
April 2005.....	1	\$ 233,177	0.05%	\$ 233,177	6.500%	358.00	543	80.0%
June 2006.....	1	163,607	0.03	163,607	7.500	354.00	619	95.0
July 2006.....	1	89,004	0.02	89,004	8.125	355.00	568	95.0
August 2006.....	4	668,422	0.14	167,105	6.371	356.00	645	82.7
September 2006.....	19	3,347,912	0.68	176,206	7.692	357.00	606	81.7
October 2006.....	13	2,399,535	0.49	184,580	7.048	358.04	594	74.2
November 2006.....	64	11,479,090	2.35	179,361	7.045	359.00	609	80.6
December 2006.....	53	9,770,628	2.00	184,351	6.782	360.00	611	81.4
August 2007.....	4	635,414	0.13	158,853	7.426	356.00	600	87.7
September 2007.....	8	1,230,725	0.25	153,841	7.816	357.00	582	82.4
October 2007.....	140	22,677,896	4.64	161,985	7.254	358.02	597	79.8
November 2007.....	552	91,682,866	18.75	166,092	7.202	359.01	601	79.8
December 2007.....	1,986	344,371,625	70.42	173,400	6.926	360.00	595	80.5
January 2008.....	1	249,900	0.05	249,900	6.875	360.00	536	85.0
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) The weighted average next adjustment date for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is November 1, 2007.

**Maximum Mortgage Rates for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

Range of Maximum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
10.501 – 11.000.....	2	\$ 414,435	0.08%	\$ 207,218	5.166%	359.00	634	83.1%
11.001 – 11.500.....	6	1,297,376	0.27	216,229	5.662	359.49	685	80.7
11.501 – 12.000.....	20	4,846,056	0.99	242,303	5.796	358.95	627	77.2
12.001 – 12.500.....	74	15,154,209	3.10	204,787	5.720	359.49	628	78.0
12.501 – 13.000.....	377	73,231,292	14.98	194,247	5.992	359.74	614	77.5
13.001 – 13.500.....	518	97,533,332	19.95	188,288	6.447	359.69	604	79.5
13.501 – 14.000.....	658	112,948,383	23.10	171,654	6.938	359.67	598	80.4
14.001 – 14.500.....	460	71,817,543	14.69	156,125	7.360	359.61	593	81.3
14.501 – 15.000.....	382	61,965,719	12.67	162,214	7.821	359.61	584	82.5
15.001 – 15.500.....	148	23,530,453	4.81	158,990	8.336	359.53	570	83.2
15.501 – 16.000.....	122	17,672,498	3.61	144,857	8.784	359.57	557	83.3
16.001 – 16.500.....	37	4,397,095	0.90	118,840	9.313	359.75	564	83.4
16.501 – 17.000.....	25	2,696,553	0.55	107,862	9.821	359.91	547	86.0
17.001 – 17.500.....	9	692,631	0.14	76,959	10.337	359.23	555	86.9
17.501 – 18.000.....	5	469,715	0.10	93,943	10.836	359.80	530	81.1
18.001 – 18.500.....	4	332,511	0.07	83,128	11.290	359.64	541	84.4
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) The weighted average Maximum Mortgage Rate for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 13.903%.

**Initial Periodic Rate Cap for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Initial Periodic Rate Cap (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
1.000 .....	17	\$ 2,869,876	0.59%	\$ 168,816	7.567%	359.09	601	79.3%
1.500 .....	2,474	424,361,941	86.78	171,529	6.975	359.77	596	80.3
1.505 .....	1	67,200	0.01	67,200	7.875	360.00	564	80.0
2.000 .....	19	2,564,205	0.52	134,958	7.536	359.11	622	85.7
2.100 .....	1	208,000	0.04	208,000	7.800	360.00	542	69.3
3.000 .....	334	58,754,844	12.02	175,913	7.134	358.84	602	80.8
6.000 .....	1	173,734	0.04	173,734	7.375	358.00	595	75.0
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) The weighted average Initial Periodic Rate Cap for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.682%.

**Subsequent Periodic Rate Cap for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Subsequent Periodic Rate Cap (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
1.000 .....	308	\$ 53,522,719	10.95%	\$ 173,775	7.181%	358.90	605	81.5%
1.500 .....	2,538	435,303,347	89.02	171,514	6.979	359.74	596	80.3
2.000 .....	1	173,734	0.04	173,734	7.375	358.00	595	75.0
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) The weighted average Subsequent Periodic Rate Cap for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.445%.

**Minimum Mortgage Rates for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Minimum Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
4.001 – 5.000 .....	5	\$ 1,401,927	0.29%	\$ 280,385	5.214%	359.20	642	80.9%
5.001 – 6.000 .....	397	80,447,714	16.45	202,639	5.830	359.77	618	77.2
6.001 – 7.000 .....	1,129	202,827,502	41.48	179,652	6.613	359.71	602	79.7
7.001 – 8.000 .....	945	151,375,395	30.96	160,186	7.558	359.53	590	81.8
8.001 – 9.000 .....	292	44,450,565	9.09	152,228	8.532	359.50	565	83.4
9.001 – 10.000 .....	61	7,001,841	1.43	114,784	9.506	359.84	557	84.4
Greater than 10.000 .....	18	1,494,857	0.31	83,048	10.706	359.50	544	84.5
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) The weighted average Minimum Mortgage Rate for the Group 2 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.991%.

**Types of Mortgaged Properties for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Property Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Single Family Residence .....	2,151	\$ 362,003,057	74.03%	\$ 168,295	7.003%	359.65	595	80.3%
Planned Unit Development....	417	74,832,073	15.30	179,453	6.952	359.60	600	81.8
Low-Rise Condominium.....	176	29,640,972	6.06	168,415	6.951	359.71	610	80.8
Two Family Home .....	78	17,804,842	3.64	228,267	7.168	359.60	600	76.8
High-Rise Condominium .....	11	2,125,851	0.43	193,259	7.179	359.80	601	77.4
Three Family Home.....	10	1,763,606	0.36	176,361	7.611	359.71	586	76.6
Four Family Home.....	4	829,400	0.17	207,350	6.835	360.00	613	84.3
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) Treated as real property.

**Occupancy Types for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Occupancy Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Owner Occupied .....	2,796	\$ 481,584,790	98.48%	\$ 172,241	6.995%	359.64	597	80.4%
Investment Property.....	37	5,160,302	1.06	139,468	7.391	359.81	612	78.4
Second Home.....	14	2,254,709	0.46	161,051	7.323	359.81	595	77.9
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

(1) Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Loan Purposes for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Loan Purpose</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Refinance – Cash Out .....	1,610	\$ 292,565,812	59.83%	\$ 181,718	7.031%	359.67	583	78.9%
Purchase.....	1,090	173,358,420	35.45	159,044	6.959	359.61	621	82.7
Refinance – Rate/Term .....	147	23,075,569	4.72	156,977	6.937	359.66	598	81.5
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Credit Grade Categories for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Credit Grade Category</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
A .....	2,257	\$ 384,030,283	78.53%	\$ 170,151	6.926%	359.64	604	81.1%
A- .....	192	33,551,074	6.86	174,745	7.155	359.64	577	80.4
B .....	248	44,376,439	9.07	178,937	7.339	359.77	569	77.6
C .....	110	19,771,035	4.04	179,737	7.347	359.52	566	74.9
C- .....	25	4,420,146	0.90	176,806	7.075	359.71	591	77.6
D .....	15	2,850,823	0.58	190,055	7.463	359.24	548	73.1
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Range of Months to Next Adjustment Date for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Months to Next Adjustment Date</b>	<b>Weighted Average Months to Next Adjustment Date</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
0 – 6 .....	4	1	\$ 233,177	0.05%	\$ 233,177	6.500%	358.00	543	80.0%
13 – 18 .....	18	1	163,607	0.03	163,607	7.500	354.00	619	95.0
19 – 24 .....	23	154	27,754,591	5.68	180,225	7.018	358.94	609	80.5
32 – 37 .....	36	2,691	460,848,426	94.24	171,255	7.000	359.69	596	80.4
Total/Avg./Wtd. Avg...	<u>35</u>	<u>2,847</u>	<u>\$488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>

**Loan Documentation Type for the Group 2 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Documentation Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
Full Documentation .....	2,020	\$ 333,998,563	68.30%	\$ 165,346	6.969%	359.69	589	81.0%
Stated Income .....	827	155,001,237	31.70	187,426	7.070	359.55	615	79.1
Total/Avg./Wtd. Avg.....	<u>2,847</u>	<u>\$ 488,999,801</u>	<u>100.00%</u>	<u>\$ 171,760</u>	<u>7.001%</u>	<u>359.65</u>	<u>597</u>	<u>80.4%</u>



### LOAN GROUP 3

#### Mortgage Loan Programs for the Group 3 Mortgage Loans in the Statistical Calculation Pool

Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
30 Year 6-Month LIBOR.....	2	\$ 554,850	0.17%	\$ 277,425	6.158%	359.85	561	88.4%
2/28 6-Month LIBOR .....	135	24,378,500	7.28	180,581	7.748	357.99	587	82.9
2/28 6-Month LIBOR – Interest Only .....	43	11,373,523	3.40	264,501	6.826	358.89	608	81.9
3/27 6-Month LIBOR .....	1,087	202,883,709	60.59	186,646	7.471	359.59	590	81.2
3/27 6-Month LIBOR – Interest Only .....	351	95,425,168	28.50	271,867	6.818	359.64	603	81.1
5/25 6-Month LIBOR	1	221,166	0.07	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

#### Original Term to Stated Maturity for the Group 3 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
ARM 360 .....	1,619	\$ 334,836,916	100.00%	\$ 206,817	7.280%	359.46	594	81.3%
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

#### Mortgage Loan Principal Balances for the Group 3 Mortgage Loans in the Statistical Calculation Pool

Range of Mortgage Loan Principal Balances	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
\$ 25,000.01 – \$ 50,000.00....	12	\$ 557,090	0.17%	\$ 46,424	8.727%	358.44	584	80.5%
\$ 50,000.01 – \$ 75,000.00....	113	7,317,240	2.19	64,754	8.462	358.56	588	82.1
\$ 75,000.01 – \$100,000.00 ...	191	16,770,184	5.01	87,802	8.074	359.43	591	82.9
\$100,000.01 – \$150,000.00....	420	52,615,334	15.71	125,275	7.871	359.39	590	82.4
\$150,000.01 – \$200,000.00....	260	45,050,944	13.45	173,273	7.559	359.40	586	81.2
\$200,000.01 – \$250,000.00....	149	33,462,543	9.99	224,581	7.321	359.45	592	82.5
\$250,000.01 – \$300,000.00....	90	24,614,192	7.35	273,491	7.271	359.34	591	82.1
\$300,000.01 – \$350,000.00....	96	31,903,677	9.53	332,330	6.983	359.47	596	82.3
\$350,000.01 – \$400,000.00....	134	50,193,481	14.99	374,578	6.813	359.61	603	80.7
\$400,000.01 – \$450,000.00....	80	33,934,281	10.13	424,179	6.903	359.56	595	80.6
\$450,000.01 – \$500,000.00....	51	24,505,339	7.32	480,497	6.708	359.62	591	77.8
\$500,000.01 – \$550,000.00....	7	3,616,800	1.08	516,686	6.652	359.86	608	78.5
\$550,000.01 – \$600,000.00....	7	4,021,100	1.20	574,443	6.167	360.00	611	79.1
\$600,000.01 – \$650,000.00....	5	3,150,460	0.94	630,092	6.994	358.81	629	80.5
\$650,000.01 – \$700,000.00....	1	675,000	0.20	675,000	7.400	359.00	612	75.0
\$700,000.01 – \$750,000.00....	2	1,489,250	0.44	744,625	7.752	359.00	609	80.0
Greater than \$900,000.00.....	1	960,000	0.29	960,000	6.250	360.00	650	80.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Current Mortgage Rates for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Current Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
4.501 – 5.000.....	3	\$ 1,090,772	0.33%	\$ 363,591	4.997%	359.67	622	78.1%
5.001 – 5.500.....	30	8,414,555	2.51	280,485	5.423	359.76	629	75.3
5.501 – 6.000.....	136	39,342,144	11.75	289,280	5.847	359.64	609	76.9
6.001 – 6.500.....	216	59,429,144	17.75	275,135	6.332	359.63	612	80.5
6.501 – 7.000.....	257	59,027,256	17.63	229,678	6.815	359.60	603	80.8
7.001 – 7.500.....	198	39,558,082	11.81	199,788	7.316	359.37	590	80.5
7.501 – 8.000.....	221	43,380,660	12.96	196,293	7.801	359.31	587	82.3
8.001 – 8.500.....	179	29,680,732	8.86	165,814	8.331	359.15	569	83.0
8.501 – 9.000.....	193	31,080,060	9.28	161,037	8.800	359.28	572	85.5
9.001 – 9.500.....	93	13,384,101	4.00	143,915	9.298	359.07	569	86.0
9.501 – 10.000.....	63	7,259,007	2.17	115,222	9.788	359.47	563	87.0
10.001 – 10.500.....	16	1,667,533	0.50	104,221	10.313	359.64	558	86.6
10.501 – 11.000.....	12	1,344,326	0.40	112,027	10.819	359.75	562	88.9
11.001 – 11.500.....	2	178,543	0.05	89,271	11.487	359.00	598	91.2
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Remaining Terms to Stated Maturity for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Remaining Terms (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
181 – 300.....	1	\$ 68,107	0.02%	\$ 68,107	8.375%	280.00	616	87.9%
301 – 360.....	1,618	334,768,809	99.98	206,903	7.280	359.47	594	81.3
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Loan-to-Value Ratios for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Loan-to-Value Ratios (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
50.00 or Less.....	10	\$ 2,015,717	0.60%	\$ 201,572	6.119%	359.68	579	41.3%
50.01 – 55.00.....	10	2,069,757	0.62	206,976	6.336	359.84	563	52.9
55.01 – 60.00.....	13	2,605,894	0.78	200,453	6.719	359.49	585	57.7
60.01 – 65.00.....	38	9,143,739	2.73	240,625	7.328	359.06	557	63.6
65.01 – 70.00.....	84	19,739,526	5.90	234,994	6.898	359.50	576	68.5
70.01 – 75.00.....	155	34,036,986	10.17	219,593	7.351	359.43	573	74.1
75.01 – 80.00.....	622	127,308,786	38.02	204,677	6.914	359.53	612	79.6
80.01 – 85.00.....	219	47,837,731	14.29	218,437	7.560	359.42	575	84.4
85.01 – 90.00.....	310	64,305,005	19.20	207,436	7.523	359.40	591	89.5
90.01 – 95.00.....	80	14,476,355	4.32	180,954	8.050	359.52	606	94.7
95.01 – 100.00.....	78	11,297,419	3.37	144,839	8.769	359.25	609	99.8
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**State Distribution of the Mortgaged Properties for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	20	\$ 1,979,922	0.59%	\$ 98,996	7.809%	359.69	592	84.0%
Alaska.....	1	349,768	0.10	349,768	8.050	359.00	602	100.0
Arizona.....	49	8,293,583	2.48	169,257	7.133	359.17	609	82.5
Arkansas.....	8	658,216	0.20	82,277	8.432	359.23	598	89.6
California.....	333	109,227,282	32.62	328,010	6.582	359.62	600	79.4
Colorado.....	29	5,638,029	1.68	194,415	6.827	359.27	610	81.8
Connecticut.....	32	5,350,339	1.60	167,198	8.129	359.55	582	82.2
Delaware.....	3	347,767	0.10	115,922	8.665	359.22	565	83.4
District of Columbia.....	5	1,586,456	0.47	317,291	7.975	359.13	582	79.0
Florida.....	99	17,140,577	5.12	173,137	7.658	359.28	590	84.0
Georgia.....	58	7,947,364	2.37	137,024	8.284	359.51	583	85.4
Hawaii.....	5	1,211,400	0.36	242,280	6.980	360.00	627	82.7
Idaho.....	10	1,366,641	0.41	136,664	7.000	359.88	639	82.2
Illinois.....	97	16,858,876	5.03	173,803	7.803	359.51	589	83.3
Indiana.....	30	3,345,674	1.00	111,522	8.106	359.46	581	85.2
Iowa.....	9	871,973	0.26	96,886	8.259	359.54	583	84.5
Kansas.....	9	1,010,310	0.30	112,257	8.657	359.67	564	84.7
Kentucky.....	17	1,854,652	0.55	109,097	8.161	359.56	590	84.8
Louisiana.....	14	2,052,682	0.61	146,620	7.619	359.56	594	83.5
Maine.....	11	1,329,700	0.40	120,882	7.611	359.31	585	79.1
Maryland.....	67	15,235,715	4.55	227,399	7.561	359.29	593	81.6
Massachusetts.....	51	12,381,798	3.70	242,780	7.340	359.21	591	76.4
Michigan.....	43	5,919,835	1.77	137,671	7.964	359.46	589	83.9
Minnesota.....	32	6,569,282	1.96	205,290	7.668	359.56	584	79.6
Mississippi.....	8	1,103,113	0.33	137,889	8.575	359.56	582	88.3
Missouri.....	34	4,266,419	1.27	125,483	8.380	359.25	572	83.1
Montana.....	3	284,735	0.09	94,912	7.134	360.00	619	81.9
Nebraska.....	2	177,200	0.05	88,600	7.036	359.61	593	80.0
Nevada.....	36	8,669,019	2.59	240,806	7.034	359.61	594	79.5
New Hampshire.....	15	2,538,960	0.76	169,264	6.851	359.82	604	82.7
New Jersey.....	51	12,955,202	3.87	254,024	7.372	359.40	583	80.8
New Mexico.....	7	757,508	0.23	108,215	8.147	359.63	603	82.9
New York.....	55	14,966,905	4.47	272,126	7.293	359.66	600	80.0
North Carolina.....	39	6,124,523	1.83	157,039	8.022	359.34	589	87.4
Ohio.....	34	3,974,499	1.19	116,897	7.949	359.17	587	85.3
Oklahoma.....	8	1,162,710	0.35	145,339	7.653	359.71	591	82.4
Oregon.....	18	3,071,163	0.92	170,620	7.096	359.47	586	82.8
Pennsylvania.....	23	2,530,202	0.76	110,009	8.239	358.93	568	80.9
Rhode Island.....	6	1,227,246	0.37	204,541	7.972	359.07	591	78.7
South Carolina.....	11	1,225,310	0.37	111,392	8.741	359.06	602	82.8
South Dakota.....	2	189,420	0.06	94,710	7.943	359.45	613	86.8
Tennessee.....	22	2,609,002	0.78	118,591	8.211	359.54	591	90.1
Texas.....	87	11,870,159	3.55	136,439	7.743	359.45	607	82.0
Utah.....	12	2,416,123	0.72	201,344	7.480	359.72	597	85.8
Vermont.....	4	888,000	0.27	222,000	7.781	360.00	590	70.2
Virginia.....	67	16,389,852	4.89	244,625	7.401	359.08	582	83.2
Washington.....	23	4,081,539	1.22	177,458	7.393	359.59	588	81.7
West Virginia.....	1	337,500	0.10	337,500	6.125	360.00	565	75.0
Wisconsin.....	16	2,036,815	0.61	127,301	8.245	356.77	614	83.0
Wyoming.....	3	455,952	0.14	151,984	6.910	359.67	573	66.1
Total/Avg./Wtd. Avg....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Credit Bureau Risk Scores<sup>(1)</sup> for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Credit Bureau Risk Scores</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
781 – 800 .....	3	\$ 347,360	0.10%	\$ 115,787	6.871%	359.12	790	80.0%
761 – 780 .....	2	446,400	0.13	223,200	6.247	360.00	765	80.0
741 – 760 .....	1	132,000	0.04	132,000	6.800	360.00	741	80.0
721 – 740 .....	5	1,198,703	0.36	239,741	5.921	359.67	725	80.0
701 – 720 .....	26	5,369,053	1.60	206,502	6.342	359.47	710	79.5
681 – 700 .....	31	6,279,717	1.88	202,572	6.420	359.04	690	79.6
661 – 680 .....	37	8,376,070	2.50	226,380	6.800	359.69	670	76.6
641 – 660 .....	73	15,460,387	4.62	211,786	6.940	359.38	649	81.0
621 – 640 .....	234	50,761,984	15.16	216,932	6.910	359.48	630	82.9
601 – 620 .....	297	66,046,480	19.72	222,379	7.051	359.50	610	83.4
581 – 600 .....	282	59,313,976	17.71	210,333	7.214	359.47	591	83.1
561 – 580 .....	194	40,562,397	12.11	209,085	7.417	359.50	570	81.7
541 – 560 .....	193	35,609,820	10.63	184,507	7.849	359.45	550	80.7
521 – 540 .....	149	28,274,524	8.44	189,762	7.961	359.39	531	77.5
501 – 520 .....	91	16,473,545	4.92	181,028	8.177	359.28	510	72.8
500 or Less .....	1	184,500	0.06	184,500	6.875	360.00	483	90.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Mortgage Loans in Loan Group 3 were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Prepayment Penalty Period for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Prepayment Penalty Period (months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to-Value Ratio</b>
0 .....	568	\$ 112,344,876	33.55%	\$ 197,790	7.712%	359.56	593	81.7%
6 .....	1	56,862	0.02	56,862	8.000	359.00	660	79.0
12 .....	54	13,624,895	4.07	252,313	7.525	358.93	589	78.7
24 .....	136	30,954,589	9.24	227,607	7.086	358.85	604	81.9
30 .....	3	676,376	0.20	225,459	8.662	359.48	536	86.1
36 .....	850	175,940,024	52.54	206,988	7.015	359.58	594	81.1
60 .....	7	1,239,295	0.37	177,042	7.074	354.57	584	90.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Gross Margins for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Gross Margins (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
2.001 – 3.000 .....	3	\$ 689,837	0.21%	\$ 229,946	7.000%	354.66	659	77.5%
3.001 – 4.000 .....	1	170,800	0.05	170,800	6.125	359.00	635	70.0
4.001 – 5.000 .....	64	19,045,828	5.69	297,591	5.765	359.81	613	75.6
5.001 – 6.000 .....	285	79,314,557	23.69	278,297	6.453	359.55	610	78.8
6.001 – 7.000 .....	382	86,793,058	25.92	227,207	6.936	359.52	598	81.8
7.001 – 8.000 .....	339	65,063,125	19.43	191,927	7.655	359.32	587	81.9
8.001 – 9.000 .....	431	66,913,982	19.98	155,253	8.306	359.36	577	83.8
9.001 – 10.000 .....	97	14,693,395	4.39	151,478	9.130	359.38	571	84.7
10.001 – 11.000 .....	14	1,559,549	0.47	111,396	9.446	359.81	576	87.8
11.001 – 12.000 .....	2	367,785	0.11	183,893	10.180	359.88	581	88.8
12.001 – 13.000 .....	1	225,000	0.07	225,000	7.750	360.00	545	100.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average Gross Margin for the Group 3 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.987%.

**Next Adjustment Date for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Next Adjustment Date</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
March 2005 .....	1	\$ 68,107	0.02%	\$ 68,107	8.375%	280.00	616	87.9%
May 2005 .....	1	82,350	0.02	82,350	8.500	359.00	570	79.5
June 2005 .....	1	472,500	0.14	472,500	5.750	360.00	559	90.0
June 2006 .....	2	671,806	0.20	335,903	7.283	354.00	572	88.9
July 2006 .....	5	721,156	0.22	144,231	7.813	355.00	561	79.6
August 2006 .....	7	1,404,524	0.42	200,646	7.568	356.00	588	79.2
September 2006 .....	21	4,158,062	1.24	198,003	7.818	357.02	576	80.5
October 2006 .....	35	6,706,589	2.00	191,617	7.661	358.01	602	84.5
November 2006 .....	85	17,562,785	5.25	206,621	7.345	359.02	598	82.7
December 2006 .....	22	4,458,994	1.33	202,682	7.151	360.00	589	81.8
July 2007 .....	1	448,846	0.13	448,846	9.375	355.00	544	63.2
August 2007 .....	7	995,762	0.30	142,252	7.664	356.00	572	80.9
September 2007 .....	12	1,888,947	0.56	157,412	7.888	357.04	585	82.5
October 2007 .....	90	14,842,081	4.43	164,912	7.856	358.07	592	81.7
November 2007 .....	404	78,415,790	23.42	194,098	7.559	359.03	592	81.7
December 2007 .....	924	201,717,452	60.24	218,309	7.091	360.00	595	81.0
November 2008 .....	1	221,166	0.07	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average next adjustment date for the Group 3 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is October 1, 2007.

**Maximum Mortgage Rates for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Range of Maximum Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
10.501 – 11.000 .....	2	\$ 575,939	0.17%	\$ 287,969	5.282%	354.39	696	80.0%
11.001 – 11.500 .....	6	1,208,600	0.36	201,433	5.443	359.24	628	76.5
11.501 – 12.000 .....	12	3,076,111	0.92	256,343	5.635	359.03	637	80.5
12.001 – 12.500 .....	62	15,395,492	4.60	248,314	5.905	359.35	622	78.4
12.501 – 13.000 .....	172	47,249,386	14.11	274,706	6.072	359.56	607	77.7
13.001 – 13.500 .....	236	62,375,626	18.63	264,303	6.507	359.53	610	80.8
13.501 – 14.000 .....	271	60,660,007	18.12	223,838	7.015	359.56	597	81.0
14.001 – 14.500 .....	195	36,956,768	11.04	189,522	7.555	359.49	582	80.3
14.501 – 15.000 .....	233	42,464,483	12.68	182,251	8.054	359.38	585	83.4
15.001 – 15.500 .....	150	24,338,377	7.27	162,256	8.446	359.27	568	83.4
15.501 – 16.000 .....	136	21,469,627	6.41	157,865	8.876	359.49	571	85.0
16.001 – 16.500 .....	69	10,442,416	3.12	151,339	9.313	359.06	571	85.8
16.501 – 17.000 .....	46	5,563,731	1.66	120,951	9.778	359.46	560	86.6
17.001 – 17.500 .....	16	1,583,069	0.47	98,942	10.350	359.59	558	86.6
17.501 – 18.000 .....	12	1,344,326	0.40	112,027	10.819	359.75	562	88.9
18.001 – 18.500 .....	1	132,957	0.04	132,957	11.500	359.00	626	95.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average Maximum Mortgage Rate for the Group 3 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 14.068%.

**Initial Periodic Rate Cap for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Initial Periodic Rate Cap (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
1.000 .....	23	\$ 4,306,613	1.29%	\$ 187,244	7.636%	358.76	570	82.3%
1.500 .....	1,100	242,954,294	72.56	220,868	7.155	359.73	594	80.7
2.000 .....	22	3,168,644	0.95	144,029	8.302	358.87	604	86.1
3.000 .....	471	83,674,930	24.99	177,654	7.586	358.76	594	83.0
5.000 .....	1	221,166	0.07	221,166	5.750	347.00	696	80.0
6.000 .....	1	131,669	0.04	131,669	8.400	359.00	562	85.0
7.000 .....	1	379,600	0.11	379,600	7.875	359.00	611	80.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average Initial Periodic Rate Cap for the Group 3 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.883%.

**Subsequent Periodic Rate Cap for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

Subsequent Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000 .....	399	\$ 73,327,255	21.90%	\$ 183,778	7.596%	358.78	594	83.0%
1.500 .....	1,214	260,574,322	77.82	214,641	7.192	359.66	594	80.9
1.980 .....	1	64,965	0.02	64,965	9.100	359.00	517	71.4
2.000 .....	4	674,530	0.20	168,632	6.799	354.88	636	75.9
3.000 .....	1	195,844	0.06	195,844	7.150	359.00	540	80.0
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average Subsequent Periodic Rate Cap for the Group 3 Mortgage Loans in Loan Group 3 as of the Cut-off Date was approximately 1.392%.

**Minimum Mortgage Rates for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

Range of Minimum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
2.001 – 3.000 .....	2	\$ 349,047	0.10%	\$ 174,523	6.025%	351.40	666	80.0%
4.001 – 5.000 .....	4	1,157,772	0.35	289,443	5.171	359.69	617	78.2
5.001 – 6.000 .....	163	46,648,600	13.93	286,188	5.785	359.72	613	76.4
6.001 – 7.000 .....	475	118,303,328	35.33	249,060	6.596	359.59	607	80.6
7.001 – 8.000 .....	411	82,445,321	24.62	200,597	7.544	359.37	589	81.6
8.001 – 9.000 .....	379	62,257,734	18.59	164,268	8.512	359.24	571	84.1
9.001 – 10.000 .....	154	20,337,264	6.07	132,060	9.472	359.21	568	86.4
10.000 or Greater .....	31	3,337,849	1.00	107,673	10.427	359.60	563	87.3
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) The weighted average Minimum Mortgage Rate for the Group 3 Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 7.284%.

**Types of Mortgaged Properties for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Single-Family Residence .....	1,253	\$ 251,785,783	75.20%	\$ 200,946	7.293%	359.47	592	81.0%
Planned Unit Development....	213	51,140,934	15.27	240,098	7.158	359.33	601	83.6
Low Rise Condominium.....	86	15,924,067	4.76	185,164	7.268	359.54	596	81.3
Two Family Home.....	47	11,841,914	3.54	251,956	7.558	359.59	603	80.0
High Rise Condominium .....	5	1,666,730	0.50	333,346	6.972	359.36	633	85.4
Three Family Home.....	5	1,291,689	0.39	258,338	7.220	359.59	601	71.4
Manufactured Housing <sup>(1)</sup> .....	6	637,202	0.19	106,200	8.093	359.66	608	63.6
Four Family Home.....	4	548,597	0.16	137,149	7.054	359.58	628	77.8
Total/Avg./Wtd. Avg.....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) Treated as real property.

**Occupancy Types for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool<sup>(1)</sup>**

<b>Occupancy Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Owner Occupied .....	1,581	\$ 328,878,211	98.22%	\$ 208,019	7.269%	359.46	594	81.4%
Investment Property.....	24	3,282,144	0.98	136,756	7.792	359.56	589	78.6
Second Home.....	14	2,676,561	0.80	191,183	8.007	358.61	590	73.6
Total/Avg./Wtd. Avg....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

(1) Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Loan Purposes for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Loan Purpose</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Refinance – Cash Out .....	950	\$ 209,521,239	62.57%	\$ 220,549	7.187%	359.51	585	79.7%
Purchase.....	591	111,857,543	33.41	189,268	7.436	359.40	613	84.6
Refinance – Rate/Term .....	78	13,458,135	4.02	172,540	7.427	359.18	581	80.4
Total/Avg./Wtd. Avg....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Credit Grade Categories for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Credit Grade Category</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
A .....	1,249	\$ 259,873,036	77.61%	\$ 208,065	7.212%	359.49	602	82.3%
A-.....	120	27,953,231	8.35	232,944	7.330	359.12	579	80.2
B .....	146	26,542,901	7.93	181,801	7.613	359.51	564	78.1
C .....	78	14,786,340	4.42	189,568	7.657	359.43	565	74.7
C-.....	15	3,648,046	1.09	243,203	7.731	359.55	537	72.4
D .....	11	2,033,363	0.61	184,851	7.354	359.54	548	73.9
Total/Avg./Wtd. Avg....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>



**Range of Months to Next Adjustment Date for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Range of Months to Next Adjustment Date</b>	<b>Weighted Average Months to Next Adjustment Date</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
0 – 6 .....	6	3	\$ 622,957	0.19%	\$ 207,652	6.401%	351.12	567	88.4%
13 – 18 .....	18	2	671,806	0.20	335,903	7.283	354.00	572	88.9
19 – 24 .....	23	175	35,012,110	10.46	200,069	7.456	358.51	594	82.4
25 – 31 .....	31	1	448,846	0.13	448,846	9.375	355.00	544	63.2
32 – 37 .....	36	1,437	297,860,031	88.96	207,279	7.259	359.62	594	81.2
38 or Greater .....	47	1	221,166	0.07	221,166	5.750	347.00	696	80.0
Total/Avg./Wtd. Avg. ..	34	<u>1,619</u>	<u>\$334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**Loan Documentation Type for the Group 3 Mortgage Loans  
in the Statistical Calculation Pool**

<b>Documentation Type</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Aggregate Principal Balance Outstanding</b>	<b>Average Current Principal Balance</b>	<b>Weighted Average Gross Mortgage Rate</b>	<b>Weighted Average Remaining Term (months)</b>	<b>Weighted Average Credit Bureau Risk Score</b>	<b>Weighted Average Loan-to- Value Ratio</b>
Full Documentation .....	1,085	\$ 213,289,848	63.70%	\$ 196,581	7.197%	359.48	589	82.0%
Stated Income .....	532	121,329,598	36.24	228,063	7.426	359.42	603	80.2
Simple Documentation .....	1	165,000	0.05	165,000	7.500	360.00	556	75.0
Streamlined Documentation...	1	52,470	0.02	52,470	7.000	360.00	653	79.5
Total/Avg./Wtd. Avg. ....	<u>1,619</u>	<u>\$ 334,836,916</u>	<u>100.00%</u>	<u>\$ 206,817</u>	<u>7.280%</u>	<u>359.46</u>	<u>594</u>	<u>81.3%</u>

**\$569,880,000**  
**(Approximate)**

**CWABS Asset-Backed Certificates Trust 2004-15**  
**Issuer**

**Class 1-AV-1 Certificates**

**CWABS, INC.**  
**Depositor**



**Seller**

**Countrywide Home Loans Servicing LP**  
**Master Servicer**

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**INFORMATION CIRCULAR**

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You should rely only on the information contained or incorporated by reference in this information circular. We have not authorized anyone to provide you with different information.

December 20, 2004

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## TABLE OF CONTENTS

	<u>Page</u>
Table of Contents .....	2
Additional Information .....	3
Incorporation by Reference .....	3
Recent Developments .....	4
Reference Sheet .....	6
Risk Factors .....	8
Description of the Certificates .....	11
The Trust Agreement .....	15
Certain Federal Income Tax Consequences	17
Legal Investment Considerations .....	19
Legal Opinion .....	20
ERISA Considerations .....	20
Plan of Distribution .....	21
Legal Matters .....	21
Index of Defined Terms .....	22

## Information Circular

Summary .....	1
Risk Factors .....	8
The Mortgage Pool .....	18
Servicing of the Mortgage Loans .....	31
Description of the Certificates .....	35
Certain Legal Aspects of the Mortgage Loans .....	92
Yield, Prepayment and Maturity Considerations .....	94
Use of Proceeds .....	103
Material Federal Income Tax Consequences .....	103
Other Taxes .....	112
Legal Matters .....	112
Independent Accountants .....	112
Index of Defined Terms .....	113
Annex A .....	A-1

**\$569,880,000**  
(Approximate)



**Guaranteed Grantor Trust  
Pass-Through Certificates  
Fannie Mae Grantor Trust 2004-T10**

## PROSPECTUS

**Countrywide Securities Corporation  
(Lead Manager)**

**Goldman, Sachs & Co.  
(Co-Manager)**

**RBS Greenwich Capital  
(Co-Manager)**

**December 20, 2004**