

\$1,435,108,000 (Approximate)



Guaranteed Grantor Trust Pass-Through Certificates Fannie Mae Grantor Trust 2005-T3

Consider carefully the risk factors starting on page 9 of this prospectus, on page 10 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 corresponding underlying REMIC security, and
- principal in an amount equal to the principal paid in that month on the corresponding 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 each class of certificates will be paid no later than the applicable final distribution date shown below.

The Trust and Its Assets

The trust will own the Class A-1A, Class A-1B, Class A-1C and Class A-1D Certificates issued by an underlying REMIC trust formed by Park Place Securities Inc. as described in this prospectus, which will represent the senior ownership interests 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 fixed and 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 I.”

Corresponding Classes

Each class of certificates will correspond to the class of underlying REMIC securities having a similar class designation.

Class	Original Class Balance (1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A1A	\$635,570,000	SC/PT	(2)	FLT/AFC	31394EVT2	July 2035
A1B	277,867,000	SC/PT	(2)	FLT/AFC	31394EVU9	July 2035
A1C	336,199,000	SC/PT	(2)	FLT/AFC	31394EVV7	July 2035
A1D	185,472,000	SC/PT	(2)	FLT/AFC	31394EVW5	July 2035

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

(2) This class will bear interest at the variable rate borne by the corresponding 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 June 28, 2005.

Citigroup

(Co-Lead Underwriters)

UBS Investment Bank

Countrywide Securities Corporation
(Co-Manager)

RBS Greenwich Capital
(Co-Manager)

JPMorgan
(Co-Manager)

June 24, 2005

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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 June 1, 2005 relating to the underlying REMIC securities, 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, together with the class factors, are available on our corporate Web site at www.fanniemae.com.

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

Citigroup Global Markets Inc.
Prospectus Department
Brooklyn Army Terminal
140 58th Street, Suite 8-G
Brooklyn, New York 11220
(telephone 718-765-6732)

or

UBS Securities LLC
Prospectus Department
1000 Harbor Boulevard
Weehawken, New Jersey 07087
(telephone 201-352-6858)

or

Countrywide Securities Corporation
Prospectus Department
4500 Park Grenada
Calabasas, California 91302
(telephone 1-800-669-6091)

or

Greenwich Capital Markets, Inc.
Prospectus Department
600 Steamboat Road
Greenwich, Connecticut 06380
(telephone 203-618-2318).

or

J.P. Morgan Securities, Inc.
JPMSI Operations
10 South Dearborn Street
Mail Code IL1-0237
Chicago, Illinois 60670
(telephone 312-732-8505)

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. 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. You also may read and copy any document we file with the SEC by visiting the SEC’s Public Reference Room at 100 F Street, N.E., 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 (the “Board”) 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. The Board further announced that the Audit Committee of the Board dismissed KPMG LLP as our independent auditor. On January 4, 2005, the Audit Committee of the Board approved the engagement of Deloitte & Touche LLP (“Deloitte”) as our independent auditor. Deloitte will serve as our auditor for each of the fiscal years 2001, 2002, 2003 and 2004.

Stephen B. Ashley, a member of the Board, currently is serving as the non-executive Chairman of the Board. On June 1, 2005, the Board announced that it had selected Daniel H. Mudd, the former Chief Operating Officer of Fannie Mae, to be the new President and Chief Executive Officer.

Mr. Mudd had been serving as the interim Chief Executive Officer since the retirement of Mr. Raines. Executive Vice President Robert Levin currently is serving as the interim Chief Financial Officer.

On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission ("SEC") issued a statement (the "Statement") regarding certain accounting issues relating to Fannie Mae, including determinations by the SEC that we should (i) restate our financial statements to eliminate the use of hedge accounting under Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), (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 our 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.

As a result of the SEC's findings, we will restate our financial results from 2001 through June 30, 2004 to comply fully with the SEC's determination. In a Form 12b-25 filed with the SEC on November 15, 2004, we estimated that a loss of hedge accounting under FAS 133 for all derivatives could result in recording into earnings a net cumulative loss on derivative transactions of approximately \$9.0 billion as of September 30, 2004. (We estimate that as of December 31, 2004, this net cumulative after-tax loss was approximately \$8.4 billion.) We also stated that there would be a corresponding decrease to retained earnings and, accordingly, regulatory capital. In a Form 12b-25 filed with the SEC on March 17, 2005, we stated that if we do not qualify for hedge accounting for mortgage commitments accounted for as derivatives since our July 1, 2003 adoption of Financial Accounting Standard No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("FAS 149"), we estimate that we would be required to record in earnings a net cumulative after-tax loss related to these commitments of approximately \$2.4 billion as of December 31, 2004. We are working to determine the effect of the restatement, including the effect on each prior reporting period. We expect that the impact will be material to our reported GAAP and core business results for many, if not all, periods and will vary substantially from period to period based on the amount and types of derivatives held and fluctuations in interest rates and volatility. Our restated financial statements also will reflect corrections as a result of our misapplication of FAS 91 for each prior reporting period described above. We also will consider the impact, if any, of the SEC's decision on FAS 91 for periods prior to those described above.

Accordingly, on December 17, 2004, the Audit Committee of the Board concluded that our previously filed interim and audited financial statements and the independent auditor's reports thereon for the periods from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared applying accounting practices that did not comply with GAAP. We have not yet filed our quarterly reports on Form 10-Q for the quarters ended September 30, 2004 and March 31, 2005 or our annual report on Form 10-K for the year ended December 31, 2004. The financial information regarding our anticipated results of operations for the quarter ended September 30, 2004 that was contained in our Form 12b-25 filed on November 15, 2004 and in a Form 8-K filed on November 16, 2004 was prepared applying the same policies and practices, and, accordingly, should not be relied upon. The Audit Committee has discussed the matters described above and in a Form 8-K filed with the SEC on December 22, 2004 with KPMG LLP, our independent auditor through December 21, 2004.

On September 20, 2004, the Office of Federal Housing Enterprise Oversight ("OFHEO") delivered its report to the Board of its findings to date of the agency's special examination. Among other matters, the OFHEO report raised a number of questions and concerns about our accounting policies and practices with respect to FAS 91 and FAS 133. On February 23, 2005, we announced that OFHEO notified our Board and management of several additional accounting and internal control issues and questions that OFHEO identified in its ongoing special examination, and directed that

these matters be included in the internal reviews by the Board and management and reviewed by Deloitte. OFHEO indicated that it has not completed its review of all aspects of these issues, but has identified policies that it believes appear to be inconsistent with generally accepted accounting principles as well as internal control deficiencies that raise safety and soundness concerns. The issues and questions include the following areas: securities accounting, loan accounting, consolidations, accounting for commitments, and practices to smooth certain income and expense amounts. OFHEO also raised concerns regarding journal entry controls, systems limitations, and database modifications, as well as FAS 149 and new developments relating to FAS 91. A summary of the additional questions raised in OFHEO's ongoing special examination of Fannie Mae has been filed as an exhibit to a Form 8-K that we filed with the SEC on February 23, 2005.

Our Board and management are addressing the issues and questions raised by OFHEO. In addition, the Board designated its Special Review Committee to review the findings of OFHEO's September 2004 special examination report. This review, led by former Senator Warren Rudman of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison ("Paul Weiss"), is focused on: accounting issues, including accounting policies, procedures and controls regarding FAS 91 and FAS 133; organization, structure and governance, including Board oversight and management responsibilities and resources; and executive compensation. Paul Weiss' work continues as it examines these areas and other issues that may arise in the course of its review, reporting regularly to the Board. We will report to OFHEO regarding each of these issues and will continue to work with OFHEO to resolve these matters as part of our ongoing internal reviews and restatement process. In light of the foregoing, management has initiated a comprehensive review of accounting routines and controls, the financial reporting process and the application of GAAP, which will include the issues OFHEO has identified, as well as issues identified by management and/or Deloitte. Management, working with accounting consultants, will develop a view on these issues, which then will be reviewed with the Audit Committee, Deloitte and OFHEO. Upon conclusion of this review, our financial statements will be restated where necessary and submitted to Deloitte for review as part of its audit. We are providing periodic updates to the SEC and the New York Stock Exchange on the restatement. In addition, the SEC and the U.S. Attorney's Office for the District of Columbia are conducting ongoing investigations into these matters.

OFHEO is required to review our capital classification quarterly, and as of September 30, 2004 and December 31, 2004, classified us as "significantly undercapitalized." As a result of this classification, we submitted a capital restoration plan to OFHEO in January 2005, and on February 23, 2005, we announced that OFHEO approved our proposed capital restoration plan. Under the plan, we detail how we expect to meet our minimum capital requirement on an ongoing basis, as well as achieve OFHEO's 30 percent surplus capital requirement by September 30, 2005. A summary of the capital restoration plan was filed as an exhibit to a Form 8-K that we filed with the SEC on February 23, 2005. On May 19, 2005, OFHEO classified us as "adequately capitalized" as of March 31, 2005. OFHEO has noted that this classification is subject to revision pending the outcome of ongoing accounting reviews, and that this classification does not amend any existing capital restoration plans currently in place between Fannie Mae and OFHEO.

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 A-1A, Class A-1B, Class A-1C and Class A-1D Certificates to be issued by the underlying REMIC trust formed by Park Place Securities, Inc. The characteristics of the underlying REMIC securities are described in the information circular.
- The underlying REMIC securities will represent the senior ownership interests in a group of conventional mortgage loans made to borrowers with blemished credit histories. The mortgage loans bear fixed and 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 I.” Unless otherwise indicated, references in this prospectus to the underlying loans are intended to refer to Loan Group I only.
- All amounts paid on the underlying REMIC securities will be passed through to the holders of the corresponding classes of certificates. For a description of Fannie Mae’s guaranty of the certificates, see “Description of the Certificates—General—*Fannie Mae Guaranty*” in this prospectus.

Corresponding Classes

The classes of certificates offered by this prospectus correspond to the classes of underlying REMIC securities as follows:

<u>Fannie Mae Grantor Trust Class</u>	<u>Underlying REMIC Security Class</u>
A1A	A-1A
A1B	A-1B
A1C	A-1C
A1D	A-1D

All amounts paid on each class of underlying REMIC securities will be passed through to the corresponding class of certificates issued by the Fannie Mae trust.

Characteristics of the Mortgage Loans Backing the Underlying REMIC Securities

For information about the nature of the mortgage loans backing the underlying REMIC securities, 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

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account principal payments in the same month). We will publish the class factors for the certificates on or before each monthly distribution date.

Settlement Date

We expect to issue the certificates on or about June 28, 2005.

Distribution Dates

Beginning in July 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 each class of certificates in an amount equal to the interest paid in that month on the corresponding underlying REMIC security.

Payments of Principal

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

Guaranty Payments

We guarantee that interest and principal on each class of certificates will be paid as provided above. In addition, we guarantee the payment of the outstanding principal balance of each class of certificates no later than the applicable 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 10 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 securities 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 adjustable-rate loans;
- the price you paid for the certificates;
- how quickly or slowly borrowers repay or prepay the underlying loans;
- 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), the NIMS insurer (as described in the information circular) or Fannie Mae repurchases certain delinquent underlying loans;
- if and when the master servicer or the NIMS insurer 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 actual 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.

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 about the reasonableness of the various applicable assumptions, including prepayment assumptions, in deciding whether to purchase the certificates.

Uncovered prepayment interest shortfalls will reduce your yield. Uncovered prepayment interest shortfalls will reduce the amount of interest payable on the certificates. **The Fannie Mae guaranty does not cover any uncovered prepayment interest shortfalls.**

Relief Act shortfalls will reduce 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 Relief Act shortfalls.**

The certificates are subject to basis risk. The pass-through rates on the underlying REMIC securities adjust monthly based on one-month LIBOR, subject to a limit. The limit on the pass-through rates of the underlying

REMIC securities is the weighted average of the mortgage rates on the underlying mortgage loans, net of certain fees and expenses of the underlying REMIC trust (including any net swap payment and swap termination payment payable to the swap provider and the guaranty fee payable to Fannie Mae). The adjustable interest rates on the underlying adjustable-rate loans, which in most cases are fixed for the first two or three years after origination, adjust less frequently than the pass-through rates on the underlying REMIC securities and adjust on the basis of a different index. The interest rates on the underlying fixed-rate loans do not adjust. As a result, the certificates will be subject to basis risk, which may reduce their yield. **The Fannie Mae guaranty does not cover any interest shortfalls due to basis risk or any failure of the swap provider to make required payments under the interest rate swap agreement, including any swap termination payment.**

Amounts paid by the underlying REMIC trust to the swap provider may reduce your yield. Amounts paid by the underlying REMIC trust to the swap provider under the interest rate swap agreement, including any swap termination payment to the swap provider, may reduce the amount of interest paid on the certificates and, under certain circumstances, may result in a delay in receiving current principal. **The Fannie Mae guaranty does not cover any interest shortfalls resulting from required payments by the underlying REMIC trust under the interest rate swap agreement, including any swap termination payment.**

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 de-

pend 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, Ameriquest Mortgage Company 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 10% of their aggregate balance as of the cut-off date, the master servicer or the NIMS insurer may purchase all the remaining assets of the underlying REMIC trust. In addition, Fannie Mae, the master servicer and the NIMS insurer have the option to repurchase underlying loans that become 90 days or more delinquent. If the underlying loans are purchased in this way, it 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 securities.

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

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 corresponding underlying REMIC securities;
- 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 securities without taking into account our guaranty. If that happened, delinquencies and defaults or other shortfalls on the mortgage loans in Loan Group I 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 June 1, 2005 (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 Park Place Securities, Inc., Asset-Backed Pass-Through Certificates Trust 2005-WCW2, Class A-1A, Class A-1B, Class A-1C and Class A-1D (the “Underlying REMIC Securities”) as further

described in the information circular. The Underlying REMIC Securities will evidence the senior ownership interests in a group of conventional mortgage loans (the “Group I Loans”) made to borrowers with blemished credit histories that are included in an underlying trust (the “Underlying REMIC Trust”). The Group I Loans bear fixed and 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 Holders of each Class of Certificates:

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

In addition, we guarantee the payment of any remaining principal balance of each Class of Certificates on the applicable Final Distribution Date specified on the cover page of this prospectus. For a detailed description of required payments on the Underlying REMIC Securities, see “Description of the Certificates—Distributions” and “—Fannie Mae Guaranty” in the information circular.

Our guaranty does not cover any reduction in the amount of interest paid on the Underlying REMIC Securities as a result of the following:

- **Prepayment Interest Shortfalls in excess of the Compensating Interest paid by the Master Servicer,**
- **Relief Act Shortfalls,**
- **Net WAC Carryover Amounts not actually distributed,**
- **any failure of the Swap Provider to make required payments under the Interest Rate Swap Agreement, including any Swap Termination Payment, and**
- **any required payments made by the Underlying REMIC Trust under the Interest Rate Swap Agreement, including any Swap Termination Payment.**

If we were unable to perform our guaranty obligations, Holders of each Class of Certificates would receive only the amounts actually paid and other recoveries on the corresponding 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 of each Class 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 July 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 the NIMS 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 I Loans, together with all other mortgage loans in the Underlying REMIC Trust and any related foreclosed property, have been reduced to less than 10% of their aggregate balance as of the Cut-off Date. 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. Each of the Master Servicer and the NIMS Insurer has the option to repurchase underlying mortgage loans that are 90 days or more delinquent, subject to certain conditions referred to in the offering circular. In addition, Fannie Mae will have the option to purchase any Group I Loan that is 90 days or more delinquent.

Voting the Underlying REMIC Securities. The Trustee, as holder of the Underlying REMIC Securities, may have to vote on issues arising under the documents governing the Underlying REMIC Trust. If so, the Trustee will vote the Underlying REMIC Securities as instructed by the Holders of the corresponding Classes of Certificates provided that the Trustee receives instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the corresponding Classes.

The Underlying REMIC Securities

The Underlying REMIC Securities represent the senior ownership interests in the Group I Loans held in the Underlying REMIC Trust. As indicated in the information circular, the Group I Loans will be deposited in the Underlying REMIC Trust by Park Place Securities, Inc.

Each of the Underlying REMIC Securities generally represents an entitlement to interest and principal due on the Group I Loans, subject to the payment priorities specified in the information circular. Interest and principal payable on the Underlying REMIC Securities will be passed through to the Certificateholders of the Classes having the same Class designations. Interest at the applicable pass-through rates will accrue on the outstanding principal balances of the Underlying REMIC Securities as described in the information circular. However, it is possible that the amount of interest paid on the Underlying REMIC Securities will be reduced as a result of the following:

- Prepayment Interest Shortfalls in excess of the amount of Compensating Interest paid by the Master Servicer,
- Relief Act Shortfalls,
- Net WAC Carryover Amounts not actually distributed,
- any failure of the Swap Provider to make required payments under the Interest Rate Swap Agreement, including any Swap Termination Payment, and
- any required payments made by the Underlying REMIC Trust under the Interest Rate Swap Agreement, including any Swap Termination Payment.

Our guaranty will not cover any of the amounts listed immediately above.

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

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

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 Classes will be characterized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Floating Rate	A1A, A1B, A1C and A1D
Available Funds	A1A, A1B, A1C and A1D

* See “—Class Definitions and Abbreviations” below.

Interest Distribution Amount. On each Distribution Date, we will pay to the Holders of each Class of Certificates interest in an amount equal to the interest paid on the corresponding Underlying REMIC Security on that Distribution Date.

Payments of Principal

Category. For the purpose of principal payments, the Classes will be characterized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Structured Collateral/Pass-Through	A1A, A1B, A1C and A1D

* See “—Class Definitions and Abbreviations” below.

Principal Distribution Amount. On each Distribution Date, we will pay to the Holders of each Class of Certificates principal in an amount equal to the principal, if any, paid on the corresponding 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>
INTEREST TYPES		
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.
PRINCIPAL TYPES		
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 Lives

See the section of the information circular entitled “Yield on the Certificates” with respect to the Underlying REMIC Securities.

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 each Class of Certificates. The “class factor” is a number (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of a Class, 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 its agent 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 of any Class and our failure continues uncorrected for 15 days after we receive written notice from Certificateholders who represent ownership interests totaling at least 5% of that Class 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 any Class; 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 any Class 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 Securities 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 each affected Class 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 Securities have been paid in full or liquidated and their 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 “Pooling and Servicing Agreement—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 reflects 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.
- 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.

U.S. Treasury Circular 230 Notice

The tax discussion contained in this prospectus was not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. This discussion was written to support the promotion or marketing of the transactions or matters addressed in this prospectus. You should seek advice based on your particular circumstances from an independent tax advisor.

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 Securities will be the assets of the Trust. Each beneficial owner of a Certificate of a Class will be treated as the beneficial owner of an undivided interest in the corresponding 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 corresponding 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 related 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 Securities

The information circular discusses tax consequences to holders of the Underlying REMIC Securities. The information circular states that the holders of the Underlying REMIC Securities will be deemed to own a REMIC regular interest and the right to receive payments from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the related Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account. Because a beneficial owner of a Certificate will be required to report its pro rata share of the income accruing with respect to the corresponding 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 corresponding Underlying REMIC Security, you should review the discussion there.

The information circular states that, taking into account certain assumptions described therein, the Underlying REMIC Securities (except for the right to receive payments from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account) 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 Securities were to fail to qualify as regular interests in a REMIC, the Underlying REMIC Securities might not be accorded the status described under the section of the information circular entitled “Certain 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 Securities 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 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 Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and section 4975 of the Code impose certain requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and upon 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 certain entities in which the benefit plans or arrangements that are subject to ERISA and the Code invest. We refer to these plans, arrangements and entities as “Plans.” Any person who is a fiduciary of a Plan also is subject to the requirements imposed by ERISA and the Code. Before a Plan invests in any Certificate, the Plan fiduciary must consider whether the governing instruments for the Plan would permit the investment, whether the Certificates would be a prudent and appropriate investment for the Plan under its investment policy and whether such an investment might result in a transaction prohibited under ERISA or the Code for which no exemption is available.

On November 13, 1986, the U.S. Department of Labor issued a final regulation covering the acquisition by a Plan of a “guaranteed governmental mortgage pool certificate,” defined to include 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 regulation, 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 the sponsor, trustee and other servicers of the mortgage pool to be subject to the fiduciary responsibility

provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. Our counsel, Sidley Austin Brown & Wood 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 provisions of ERISA and the Code.

PLAN OF DISTRIBUTION

We will acquire the Underlying REMIC Securities from Park Place Securities, Inc. (“Park Place”) in exchange for the Certificates. Park Place has agreed to sell the Certificates, severally and not jointly, to Citigroup Global Markets Inc., UBS Securities LLC, Countrywide Securities Corporation, Greenwich Capital Markets, Inc. and J.P. Morgan Securities, Inc. (the “Underwriters”). 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

Sidley Austin Brown & Wood 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.

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INFORMATION CIRCULAR

\$1,435,108,000 (Approximate)

Asset-Backed Pass-Through Certificates,

Series 2005-WCW2

Park Place Securities, Inc.

Depositor

Ameriquest Mortgage Company

Seller

Countrywide Home Loans Servicing LP

Master Servicer

Consider carefully the risk factors beginning on page 10 in this information circular.

The offered certificates represent obligations of the trust only and do not represent an interest in or obligation of Park Place Securities, Inc., Ameriquest Mortgage Company or any of their affiliates.

This information circular has been prepared solely in connection with the offering of the offered certificates to Fannie Mae.

The only certificates being offered by this information circular are the Class A-1A, Class A-1B, Class A-1C and Class A-1D Certificates, referred to as the "Offered Certificates." The Offered Certificates have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The obligations of Fannie Mae under its guarantee of the Offered Certificates are obligations of Fannie Mae only. The Offered Certificates, including interest, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Fannie Mae.

The Certificates

- The certificates represent senior ownership interests in a trust consisting primarily of a pool of fixed-rate and adjustable-rate, first lien and second lien, fully-amortizing residential mortgage loans. The mortgage loans will be segregated into two groups as described in this information circular. The certificates represent interests in one of the groups of mortgage loans.
- The Offered Certificates will accrue interest at a variable rate equal to one-month LIBOR plus a fixed margin, subject to certain limitations described in this information circular. The pass-through rate on the Offered Certificates will be subject to increase under the limited circumstances described in this information circular.

Credit Enhancement

- **Excess Interest** – The Mortgage Loans are expected to generate more interest than will be necessary to pay certain trust expenses and interest on the Offered Certificates. Excess interest generated by the Mortgage Loans will be available to absorb realized losses on the Mortgage Loans and to maintain overcollateralization at required levels.
- **Subordination** – The Offered Certificates will have distribution priority over the Subordinate Certificates issued by the trust, as described in this information circular under "Description of the Certificates—Allocation of Available Funds."
- **Overcollateralization** – Overcollateralization of the Offered Certificates by the Mortgage Loans is intended to provide protection to the holders of the Offered Certificates against realized losses on the Mortgage Loans.
- **Allocation of Losses** – Realized losses on the Mortgage Loans will also be allocated to the Subordinate Certificates issued by the trust, as described herein.
- **Interest Rate Swap Agreement** – The Offered Certificates may benefit from any payments pursuant to an interest rate swap agreement, as described herein.
- **Guaranty** – The Offered Certificates will be covered by a guaranty from the Federal National Mortgage Association ("Fannie Mae"), as described in this information circular under "Description of the Certificates—Fannie Mae Guaranty."

(continued on the following page)

June 24, 2005

(continued from previous page)

Proceeds of the assets in the Trust, including the Fannie Mae Guaranty, are the sole source of distributions on the Offered Certificates. The Offered Certificates do not represent an interest in or obligation of the Depositor, the Seller, the Originators, the Master Servicer, the Trustee or any of their affiliates. Neither the Offered Certificates nor the Mortgage Loans are insured or guaranteed by any governmental agency or instrumentality (other than Fannie Mae with respect to the Offered Certificates) or by the Depositor, the Seller, the Originators, the Master Servicer, the Trustee or any of their affiliates.

The Depositor has prepared this information circular solely in connection with the offering of the Offered Certificates to Fannie Mae in exchange for receipt of the Fannie Mae Guaranteed Grantor Trust Certificates issued by Fannie Mae Grantor Trust 2005-T3. It is a condition to the issuance of the Offered Certificates that Fannie Mae guarantee them as described in this information supplement. It is expected that the Offered Certificates will be issued on or about June 28, 2005 (the "Closing Date").

No person has been authorized to give any information or to make any representations other than those contained in this information circular and, if given or made, such information or representations must not be relied upon. This information circular does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offered Certificates. The delivery of this information circular at any time does not imply that information in this information circular is correct as of any time after the date of this information circular.

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SUMMARY OF TERMS

The following summary is a very broad overview of the certificates offered by this information circular and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the Offered Certificates, read carefully this entire information circular. Capitalized terms used but not defined in this information circular have the meanings assigned to them in the prospectus.

Title of Series	Park Place Securities, Inc., Asset-Backed Pass-Through Certificates, Series 2005-WCW2.
Cut-off Date.....	The close of business on June 1, 2005.
Closing Date	On or about June 28, 2005.
Depositor	Park Place Securities, Inc. (the “Depositor”), a direct wholly-owned subsidiary of Amerquest Mortgage Company. The Depositor will deposit the mortgage loans into the trust.
Seller.....	Amerquest Mortgage Company (the “Seller”), a Delaware corporation. See “Pooling and Servicing Agreement—The Seller” in this information circular.
Originators.....	Argent Mortgage Company, L.L.C. and Olympus Mortgage Company. See “The Mortgage Pool—Underwriting Standards of the Originators” in this information circular.
Master Servicer.....	Countrywide Home Loans Servicing LP. See “Pooling and Servicing Agreement—The Master Servicer” in this information circular.
Trustee	Wells Fargo Bank, N.A. (the “Trustee”), a national banking association, will be the Trustee of the trust, will perform administrative functions with respect to the certificates and will act as the initial paying agent and certificate registrar. See “Pooling and Servicing Agreement—The Trustee” in this information circular.
Custodian.....	Deutsche Bank National Trust Company (the “Custodian”), a national banking association, will be the Custodian with respect to the mortgage loans. See “Pooling and Servicing Agreement—General” in this information circular.
Fannie Mae	The Federal National Mortgage Association (as described below).
NIMS Insurer.....	One or more insurance companies (together, the “NIMS Insurer”) may issue a financial guaranty insurance policy covering certain payments to be made on net interest margin securities to be issued by a separate trust and secured by, among other things, all or a portion of the Class CE, Class P and/or Residual Certificates.
Distribution Dates.....	Distributions on the Certificates will be made on the 25 th day of each month, or, if such day is not a business day, on the next succeeding business day, beginning in July 2005 (each, a “Distribution Date”).
Certificates.....	The classes of Certificates, their pass-through rates and initial certificate principal balances are shown or described in the table below.

Class	Initial Certificate Principal Balance ⁽¹⁾	Pass-Through Rate	Margin		Ratings		
			⁽²⁾ (%)	⁽³⁾ (%)	Fitch	Moody's	S&P
Offered Certificates							
A-1A.....	\$ 635,570,000	Variable ⁽⁴⁾	0.040	0.080	AAA	Aaa	AAA
A-1B.....	\$ 277,867,000	Variable ⁽⁴⁾	0.080	0.160	AAA	Aaa	AAA
A-1C.....	\$ 336,199,000	Variable ⁽⁴⁾	0.140	0.280	AAA	Aaa	AAA
A-1D.....	\$ 185,472,000	Variable ⁽⁴⁾	0.230	0.460	AAA	Aaa	AAA
Non-Offered Certificates							
A-2A.....	\$ 211,512,000	Variable ⁽⁴⁾	0.090	0.180	AAA	Aaa	AAA
A-2B.....	\$ 83,134,000	Variable ⁽⁴⁾	0.150	0.300	AAA	Aaa	AAA
A-2C.....	\$ 116,455,000	Variable ⁽⁴⁾	0.260	0.520	AAA	Aaa	AAA
A-2D.....	\$ 68,992,000	Variable ⁽⁴⁾	0.370	0.740	AAA	Aaa	AAA
M-1.....	\$ 78,000,000	Variable ⁽⁴⁾	0.500	0.750	AA+	Aa1	AA+
M-2.....	\$ 74,400,000	Variable ⁽⁴⁾	0.530	0.795	AA+	Aa2	AA+
M-3.....	\$ 45,600,000	Variable ⁽⁴⁾	0.550	0.825	AA	Aa3	AA
M-4.....	\$ 42,000,000	Variable ⁽⁴⁾	0.650	0.975	AA-	A1	AA-
M-5.....	\$ 38,400,000	Variable ⁽⁴⁾	0.680	1.020	A+	A2	A+
M-6.....	\$ 34,800,000	Variable ⁽⁴⁾	0.750	1.125	A	A3	A
M-7.....	\$ 31,200,000	Variable ⁽⁴⁾	1.300	1.950	A-	Baa1	A-
M-8.....	\$ 28,800,000	Variable ⁽⁴⁾	1.550	2.325	BBB+	Baa2	BBB+
M-9.....	\$ 24,000,000	Variable ⁽⁴⁾	2.000	3.000	BBB	Baa3	BBB
M-10.....	\$ 26,400,000	Variable ⁽⁴⁾	2.500	3.750	BBB-	Ba1	BBB-
M-11.....	\$ 30,000,000	Variable ⁽⁴⁾	2.500	3.750	BB+	N/R	BB+
CE.....	\$ 31,200,892 ⁽⁵⁾	Variable ⁽⁴⁾	N/A	N/A	N/R	N/R	N/R
P.....	\$ 100	N/A	N/A	N/A	N/R	N/R	N/R
R.....	N/A	N/A	N/A	N/A	N/R	N/R	N/R
R-X.....	N/A	N/A	N/A	N/A	N/R	N/R	N/R

(1) Approximate.

(2) For the Interest Accrual Period for each Distribution Date on or prior to the Optional Termination Date.

(3) For the Interest Accrual Period for each Distribution Date after the Optional Termination Date.

(4) The pass-through rate on each class of Class A and Mezzanine Certificates will be based on one-month LIBOR plus the applicable margin set forth above, subject to the rate caps described in this information circular.

(5) Represents approximately 1.30% of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date and is approximately equal to the initial amount of overcollateralization required to be provided by the mortgage pool under the Pooling and Servicing Agreement.

The Trust

The Depositor will establish a trust relating to the Series 2005-WCW2 certificates (the "Trust") pursuant to a pooling and servicing agreement, dated as of the Cut-off Date (the "Pooling and Servicing Agreement"), among the Depositor, the Master Servicer, Fannie Mae and the Trustee. The Trust will issue twenty-three classes of certificates. The certificates represent in the aggregate the entire beneficial ownership interest in the Trust. Distributions of interest and/or principal on the Offered Certificates will be made only from payments received in connection with the mortgage loans held in the Trust, the Swap Account and the Net WAC Rate Carryover Reserve Account and payments, if any, made by Fannie Mae.

The Depositor will deliver the Offered Certificates to Fannie Mae in exchange for Fannie Mae Guaranteed Grantor Trust Pass-Through Certificates (the "Fannie Mae Guaranteed Certificates"), issued by Fannie Mae and backed by the Offered Certificates. The Fannie Mae Guaranteed Certificates will generally contain

the same terms as the Offered Certificates. The Offered Certificates will be guaranteed by Fannie Mae and will be issued simultaneously with the certificates offered pursuant to a prospectus supplement and prospectus or, in the case of the Class M-11 Certificates, a private placement memorandum (collectively referred to in this information circular as the "Non-Offered Certificates").

The Non-Offered Certificates will not be guaranteed by Fannie Mae. The Non-Offered Certificates are described in this information circular because their amount, structure, collateral, rights, risks and other characteristics affect the amount, structure, collateral, rights, risks and other characteristics of the Offered Certificates.

Designations

In this information circular, the following designations are used to refer to the specified classes of Certificates.

Class A Certificates

Class A-1A, Class A-1B, Class A-1C, Class A-1D, Class A-2A, Class A-2B, Class A-2C and Class A-2D Certificates.

Mezzanine Certificates

Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates.

Subordinate Certificates

Mezzanine and Class CE Certificates.

Offered Certificates

Class A-1A, Class A-1B, Class A-1C and Class A-1D Certificates.

Non-Offered Certificates

Class A-2A, Class A-2B, Class A-2C, Class A-2D, Mezzanine, Class CE, Class P and Residual Certificates.

Group I Certificates

Class A-1A, Class A-1B, Class A-1C, Class A-1D Certificates.

Group II Certificates

Class A-2A, Class A-2B, Class A-2C and Class A-2D Certificates.

Residual Certificates

Class R and Class R-X Certificates.

The Mortgage Loans

On the Closing Date, the Trust will acquire a pool of mortgage loans consisting of fixed-rate and adjustable-rate mortgage loans secured by first and second liens (the "Mortgage Loans") which have been originated or acquired by the Originators.

For purposes of calculating interest and principal distributions on the certificates, the Mortgage Loans will be divided into two loan groups, designated as the "Group I Mortgage Loans" and the "Group II Mortgage Loans." The Group I Mortgage Loans will consist of adjustable-rate and fixed-rate mortgage loans with principal balances at origination that

conform to Fannie Mae loan limits. The Group II Mortgage Loans will consist of adjustable-rate and fixed-rate mortgage loans with principal balances at origination that may or may not conform to Freddie Mac or Fannie Mae loan limits.

The statistical information presented in this information circular relates to the Mortgage Loans as of the Cut-off Date. References to percentages of the mortgage loans in this information circular are based on the aggregate scheduled principal balance of such mortgage loans as specified in the amortization schedule at the Cut-off Date after application of all amounts allocable to unscheduled payments of principal received prior to the Cut-off Date. Prior to the issuance of the certificates some of the Mortgage Loans may be removed from the mortgage pool as a result of incomplete documentation or otherwise and any Mortgage Loans that prepay or default will be removed. Other mortgage loans may be included in the mortgage pool prior to the issuance of the certificates. However, the removal and inclusion of such mortgage loans will not materially alter the characteristics of the Mortgage Loans as described in this information circular, although the range of mortgage rates and maturities and certain other characteristics of the Mortgage Loans may vary.

The Mortgage Loans included in Group I (the "Group I Mortgage Loans") will have the following approximate characteristics as of the Cut-off Date:

Number of Group I Mortgage Loans:	10,829
Aggregate Scheduled Principal Balance:	\$1,798,381,379
Group I Mortgage Loans with prepayment charges:	66.46%
Fixed-rate Group I Mortgage Loans:	17.51%
Adjustable-rate Group I Mortgage Loans:	82.49%
First lien Group I Mortgage Loans:	100.00%
Range of current mortgage rates:	5.200% - 12.300%
Weighted average current mortgage rate:	7.574%
Weighted average gross margin of the adjustable-rate Group I Mortgage Loans:	5.754%
Weighted average minimum mortgage rate of the adjustable-rate Group I Mortgage Loans:	7.708%
Weighted average maximum mortgage rate of the adjustable-rate Group I Mortgage Loans:	13.708%
Weighted average next adjustment date of the adjustable-rate Group I Mortgage Loans:	August 2007
Weighted average remaining term to maturity:	357 months

Range of principal balances as of the Cut-off Date:	\$59,714 - \$649,347
Average principal balance as of the Cut-off Date:	\$166,071
Range of original loan-to-value ratios:	12.50% - 100.00%
Weighted average original loan-to-value ratio:	79.93%
Geographic concentrations in excess of 5%:	
California	17.26%
Florida	14.67%
Illinois	9.49%
New York	6.29%
Arizona	6.03%
Texas	5.37%
Michigan	5.03%
Originated by:	
Argent Mortgage Company, L.L.C.	99.98%
Olympus Mortgage Company	0.02%

The Mortgage Loans included in Group II (the “Group II Mortgage Loans”) will have the following approximate characteristics as of the Cut-off Date:

Number of Group II Mortgage Loans:	2,778
Aggregate Scheduled Principal Balance:	\$601,620,613
Group II Mortgage Loans with prepayment charges:	68.84%
Fixed-rate Group II Mortgage Loans:	27.44%
Adjustable-rate Group II Mortgage Loans:	72.56%
First lien Group II Mortgage Loans:	95.01%
Second lien Group II Mortgage Loans:	4.99%
Range of current mortgage rates:	5.200% - 13.250%
Weighted average current mortgage rate:	7.597%
Weighted average gross margin of the adjustable-rate Group II Mortgage Loans:	5.900%
Weighted average minimum mortgage rate of the adjustable-rate Group II Mortgage Loans:	7.586%
Weighted average maximum mortgage rate of the adjustable-rate Group II Mortgage Loans:	13.586%
Weighted average next adjustment date of the adjustable-rate Group II Mortgage Loans:	July 2007
Weighted average remaining term to maturity:	356 months
Range of principal balances as of the Cut-off Date:	\$58,543 - \$761,604
Average principal balance as of the Cut-off Date:	\$216,566
Range of original loan-to-value ratios:	8.70% - 100.00%
Weighted average original loan-to-value ratio:	80.74%

Geographic concentrations in excess of 5%:	
California	38.34%
Florida	9.70%
New York	9.31%
Originated by:	
Argent Mortgage Company, L.L.C.	99.93%
Olympus Mortgage Company	0.07%

The mortgage rate on each adjustable-rate Mortgage Loan will adjust semi-annually on each adjustment date to equal the sum of six-month LIBOR and the related gross margin, subject to periodic and lifetime limitations. With respect to the adjustable-rate Mortgage Loans, the first adjustment date will occur only after an initial period of two or three years after origination. For additional information regarding the Mortgage Loans, see “The Mortgage Pool” in this information circular.

For additional information regarding the Mortgage Loans, see “The Mortgage Pool” in this information circular and Annex I.

The Certificates

The Offered Certificates will initially be represented by one or more global certificates registered in the name of a nominee of The Depository Trust Company in minimum denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. See “Description of the Certificates—Book-Entry Certificates” in this information circular.

The Non-Offered Certificates are not offered by this information circular. Such certificates will be sold by the Depositor to Citigroup Global Markets Inc., UBS Securities LLC, Countrywide Securities Corporation, Greenwich Capital Markets, Inc. and J.P. Morgan Securities Inc. (collectively, the “Underwriters”) on the Closing Date or delivered to the Seller as partial consideration for the Mortgage Loans.

Credit Enhancement

The credit enhancement provided for the benefit of the holders of the Offered Certificates consists of excess interest, an interest rate swap agreement, subordination, overcollateralization and the Fannie Mae Guaranty, each as described below and under “Description of the Certificates—Credit Enhancement” and “—Overcollateralization Provisions” in this information circular.

Excess Interest. The Mortgage Loans bear interest each month in an amount that in the aggregate is expected to exceed the amount needed to distribute monthly interest on the Class A and Mezzanine Certificates and to pay certain fees and expenses of the Trust (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider). Any excess interest from the Mortgage Loans each month will be available to absorb realized losses on the Mortgage Loans and to maintain or restore overcollateralization at required levels.

Interest Rate Swap Agreement. The Trustee, on behalf of the Trust, will enter into an interest rate swap agreement (the “Interest Rate Swap Agreement”) with Bear Stearns Financial Products Inc., as swap provider (the “Swap Provider”). Under the Interest Rate Swap Agreement, on each Distribution Date, the Trust will be obligated to make fixed payments as specified in the Interest Rate Swap Agreement based on a schedule, a copy of which is attached hereto as Annex III and the Swap Provider will be obligated to make floating payments equal to the product of (x) one-month LIBOR (as determined pursuant to the Interest Rate Swap Agreement), (y) the Base Calculation Amount for that Distribution Date multiplied by 250, and (z) a fraction, the numerator of which is the actual number of days elapsed from the previous Distribution Date to but excluding the current Distribution Date (or, for the first Distribution Date, the actual number of days elapsed from the Closing Date to but excluding the first Distribution Date), and the denominator of which is 360. To the extent that the fixed payment exceeds the floating payment on any Distribution Date, amounts otherwise available to Certificateholders will be applied to make a net payment to the Swap Provider, and to the extent that the floating payment exceeds the fixed payment on any Distribution Date, the Swap Provider will make a net payment to the Trust (each, a “Net Swap Payment”) for deposit into a segregated trust account established on the Closing Date (the “Swap Account”) pursuant to a swap administration agreement, dated as of the Closing Date, as more fully described in this information circular.

Upon early termination of the Interest Rate Swap Agreement, the Trust or the Swap Provider may be liable to make a termination payment (the “Swap Termination Payment”) to the other party (regardless of which party caused the termination). The Swap Termination Payment will be computed in accordance with the procedures set forth in the Interest Rate Swap Agreement. In the event that the

Trust is required to make a Swap Termination Payment, that payment will be paid on the related Distribution Date, and on any subsequent Distribution Dates until paid in full, generally prior to any distribution to Certificateholders. See “Description of the Certificates—The Interest Rate Swap Agreement and the Swap Provider” in this information circular.

Net Swap Payments and Swap Termination Payments payable by the Trust will be deducted from Available Funds before distributions to Certificateholders and will first be deposited into the Swap Account before payment to the Swap Provider. **The Fannie Mae Guaranty will not cover any failure of the Swap Provider to make required payments pursuant to the Interest Rate Swap Agreement or any shortfalls resulting from required payments by the Trust to the Swap Provider pursuant to the Interest Rate Swap Agreement, including any Swap Termination Payments.**

Subordination. The rights of the holders of the Mezzanine Certificates and the Class CE Certificates to receive distributions will be subordinated, to the extent described in this information circular, to the rights of the holders of the Class A Certificates.

Subordination is intended to enhance the likelihood of regular distributions on the more senior certificates in respect of interest and principal and to afford such certificates protection against realized losses on the Mortgage Loans.

Overcollateralization. The aggregate principal balance of the Mortgage Loans as of the Cut-off is expected to exceed the aggregate certificate principal balance of the Class A, Mezzanine and Class P Certificates on the Closing Date by an amount equal to the initial amount of overcollateralization required to be provided by the mortgage pool under the Pooling and Servicing Agreement. The amount of overcollateralization will be available to absorb realized losses on the Mortgage Loans. See “Description of the Certificates—Overcollateralization Provisions” in this information circular.

Allocation of Losses. On any Distribution Date, realized losses on the Mortgage Loans will first reduce the excess interest and second reduce the overcollateralization for such Distribution Date. If on any Distribution Date, the amount of overcollateralization is reduced to zero, any additional realized losses will be allocated to reduce the certificate principal balance of each class of

Mezzanine Certificates, in reverse numerical order until the certificate principal balance of each such class has been reduced to zero. The Pooling and Servicing Agreement does not permit the allocation of realized losses on the Mortgage Loans to the Class A or Class P Certificates. See “Description of the Certificates—Allocation of Losses; Subordination” in this information circular.

Once realized losses are allocated to the Mezzanine Certificates, such realized losses will not be reinstated (except in the case of subsequent recoveries) nor will such certificates accrue interest on any allocated realized loss amounts. However, the amount of any realized losses allocated to the Mezzanine Certificates may be distributed to the holders of those certificates according to the priorities set forth under “Description of the Certificates — Overcollateralization Provisions” in this information circular.

Fannie Mae Guaranty. Fannie Mae will guaranty the timely payment of interest due on the Offered Certificates subject to certain limitations, as described in this information circular, and the ultimate payment of principal on the Offered Certificates (the “Fannie Mae Guaranty”). If Fannie Mae were unable to pay under the Fannie Mae Guaranty, the Offered Certificates could be subject to losses.

Advances

The Master Servicer is required to advance delinquent payments of principal and interest on the Mortgage Loans, subject to the limitations described in this information circular. The Master Servicer is entitled to be reimbursed for such advances, and therefore such advances are not a form of credit enhancement. See “Description of the Certificates—Advances” in this information circular.

Optional Termination

At its option, the Master Servicer may purchase all of the Mortgage Loans, together with any properties in respect thereof acquired on behalf of the trust, and thereby effect termination and early retirement of the certificates, after the aggregate principal balance of the Mortgage Loans (and properties acquired in respect thereof) remaining in the Trust has been reduced to an amount less than 10% of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date; provided that the consent of Fannie Mae will be required if such optional termination will cause a draw on the Fannie Mae Guaranty (as defined

herein). If the Master Servicer fails to exercise such option, the Master Servicer or the NIMS Insurer, if any, may exercise that option. See “Pooling and Servicing Agreement—Termination” in this information circular.

Federal Income Tax Consequences

One or more elections will be made to treat designated portions of the Trust (exclusive of the Interest Rate Swap Agreement, the Swap Account and the Net WAC Rate Carryover Reserve Account, as described more fully herein) as real estate mortgage investment conduits for federal income tax purposes. See “Federal Income Tax Consequences—REMICs” in this information circular.

For further information regarding the federal income tax consequences of investing in the Offered Certificates, see “Federal Income Tax Consequences” in this information circular and in the prospectus.

RISK FACTORS

In addition to the matters described elsewhere in this information circular, prospective investors should carefully consider the following factors before deciding to invest in the Offered Certificates.

The Originators' Underwriting Standards Are Not as Stringent as Those of More Traditional Lenders, Which May Result in Losses Allocated to the Offered Certificates

The Originators' underwriting standards are primarily intended to assess the applicant's credit standing and ability to repay as well as the value and the adequacy of the mortgaged property as collateral for the mortgage loan. The Originators provide loans primarily to borrowers who do not qualify for loans conforming to the underwriting standards of more traditional lenders but who generally have equity in their property and the apparent ability to repay. While the Originators' primary considerations in underwriting a mortgage loan are the applicant's credit standing and repayment ability, as well as the value and adequacy of the mortgaged property as collateral, the Originators also consider, among other things, the applicant's credit history and debt service-to-income ratio, and the type and occupancy status of the mortgaged property. The Originators' underwriting standards do not prohibit a mortgagor from obtaining secondary financing at the time of origination of the Originators' first lien mortgage loan (or at any time thereafter), which secondary financing would reduce the equity the mortgagor would otherwise have in the related mortgaged property as indicated in the Originators' loan-to-value ratio determination.

As a result of such underwriting standards, the Mortgage Loans are likely to experience rates of delinquency, foreclosure and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. To the extent the credit enhancement features described in this information circular are insufficient to cover such losses, holders of the Offered Certificates may suffer a loss on their investment if Fannie Mae is unable to pay under its Guaranty.

Furthermore, changes in the values of mortgaged properties may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of the Mortgage Loans 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. See "The Mortgage Pool—Underwriting Standards of the Originators" in this information circular.

Certain Mortgage Loans Have High Loan-to-Value Ratios (in the Case of First Liens) or Combined Loan-to-Value Ratios (in the Case of Second Liens) Which May Present a Greater Risk of Loss Relating to Such Mortgage Loans

Mortgage loans with a loan-to-value ratio or combined loan-to-value ratio of greater than 80% may present a greater risk of loss than mortgage loans with loan-to-value ratios or combined loan-to-value ratios of 80% or below. Approximately 38.72% of the Group I Mortgage Loans, by aggregate scheduled principal balance of the Group I Mortgage Loans as of the Cut-off Date, had a loan-to-value ratio at origination in excess of 80% and approximately 41.26% of the Group II Mortgage Loans, by aggregate scheduled principal balance of the Group II Mortgage Loans as of the Cut-off Date, had a loan-to-value ratio or combined loan-to-value ratio at origination in excess of 80% and are not covered by any primary mortgage insurance. No Mortgage Loan had a loan-to-value ratio or combined loan-to-value ratio exceeding 100% at origination. An overall decline in the residential real estate market, a rise in interest rates over a period of time and the general condition of a mortgaged property, as well as other factors, may have the effect of reducing the value of such mortgaged property from the appraised value at the time the Mortgage Loan was originated. If there is a reduction in value of the mortgaged property, the loan-to-value ratio or combined loan-to-value ratio may increase over what it was at the time of origination. Such an increase may reduce the likelihood of liquidation or other proceeds being sufficient to satisfy the Mortgage Loan. There can be no assurance that the loan-to-value ratio or combined loan-to-value ratio of any Mortgage Loan determined at any time after origination is less than or equal to its original loan-to-value ratio or combined loan-to-value ratio. Additionally, the Originators' determination of the value of a mortgaged property used in the calculation of the loan-to-value ratios or combined loan-to-value ratios of the Mortgage Loans may differ from the appraised value of such mortgaged property or the actual value of such mortgaged property. See "The Mortgage Pool—General" in this information circular.

Most of the Mortgage Loans Are Newly Originated and Have Little, if any, Payment History

None of the Mortgage Loans are delinquent in their monthly payments as of the Cut-off Date. Investors should note, however, that certain of the Mortgage Loans will have a first payment date occurring after the Cut-off Date and, therefore, such Mortgage Loans could not have been delinquent in any monthly payment as of the Cut-off Date.

Simultaneous Second Lien Risk

With respect to approximately 17.36% of the Group I Mortgage Loans and approximately 9.02% of the Group II Mortgage Loans, in each case by aggregate scheduled principal balance of the related loan group as of the Cut-off Date, at the time of origination of the first lien Mortgage Loan, the Originators also originated a second lien mortgage loan which will not be included in the Trust. The weighted average loan-to-value ratio at origination of the first-liens on such Mortgage Loans is approximately 79.97% and the weighted average combined loan-to-value ratio at origination of such Mortgage Loans (including the second lien) is approximately 99.98%.

With respect to any Mortgage Loans originated with a simultaneous second lien, foreclosure frequency may be increased relative to Mortgage Loans that were originated without a simultaneous second lien because the mortgagors on Mortgage Loans with a simultaneous second lien have less equity in the mortgaged property than is shown in the loan-to-value ratios set forth in this information circular. Investors should also note that any mortgagor may obtain secondary financing at any time subsequent to the date of origination of their mortgage loan from the Originators or from any other lender.

Geographic Concentration Risk

The charts entitled “Geographic Distribution” for the Mortgage Loans presented in Annex III list geographic concentrations of the Group I Mortgage Loans and Group II Mortgage Loans, respectively, by state. Mortgaged properties in certain states (e.g. California) may be particularly susceptible to certain types of hazards, such as earthquakes, hurricanes, floods, mudslides, wildfires and other natural disasters for which there may or may not be insurance.

In addition, the conditions below will have a disproportionate impact on the Mortgage Loans in general:

- Economic conditions in states with high concentrations of Mortgage Loans may affect the ability of mortgagors to repay their loans on time even if such conditions do not affect real property values.
- Declines in the residential real estate markets in states with high concentrations of Mortgage Loans may reduce the value of properties located in those states, which would result in an increase in loan-to-value ratios.
- Any increase in the market value of properties located in states with high concentrations of Mortgage Loans would reduce loan-to-value ratios and could, therefore, make alternative sources of financing available to mortgagors at lower interest rates, which could result in an increased rate of prepayment of the Mortgage Loans.

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

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

The Mortgage Loans are also subject to federal laws, including:

- the Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to the borrowers regarding the terms of the Mortgage Loans;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit;
- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the borrower's credit experience;
- the Depository Institutions Deregulation and Monetary Control Act of 1980, which preempts certain state usury laws; and
- the Alternative Mortgage Transaction Parity Act of 1982, which preempts certain state lending laws which regulate alternative mortgage transactions.

Violations of certain provisions of these federal and state laws may limit the ability of the Master Servicer to collect all or part of the principal of or interest on the Mortgage Loans and in addition could subject the Trust to damages and administrative enforcement and could result in the mortgagors rescinding such Mortgage Loans whether held by the Trust or subsequent holders of the Mortgage Loans.

The Seller will represent that each Mortgage Loan, at the time of origination, was in compliance with applicable federal, state and local laws and regulations. In the event of a breach of such representation, the Seller will be obligated to cure such breach or repurchase or replace the affected Mortgage Loan in the manner described in the prospectus. If the Seller is unable or otherwise fails to satisfy such obligations, the yield on the Offered Certificates may be materially and adversely affected.

High Cost Loans

The Seller will represent that none of the Mortgage Loans will be "High Cost Loans" within the meaning of the Home Ownership and Equity Protection Act of 1994 (the "Homeownership Act") and none of the Mortgage Loans will be high cost loans under any state or local law, ordinance or regulation similar to the Homeownership Act. See "Certain Legal Aspects of the Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders" in this information circular.

In addition to the Homeownership Act, a number of legislative proposals have been introduced at the federal, state and municipal level that are designed to discourage predatory lending practices. Some states have enacted, or may enact, laws or regulations that prohibit inclusion of some provisions in mortgage loans that have mortgage rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of such mortgage loans. In some cases, state law may impose requirements and restrictions greater than those in the Homeownership Act. An Originator's failure to comply with these laws could subject the Trust, and other assignees of the Mortgage Loans, to monetary penalties and could result in the borrowers rescinding such Mortgage Loans whether held by the Trust or subsequent holders of the Mortgage Loans. Lawsuits have been brought in various states making claims against assignees of high cost loans for violations of state law. Named defendants in these cases include numerous participants within the secondary mortgage market, including some securitization trusts.

Under the anti-predatory lending laws of some states, the borrower is required to meet a net tangible benefits test in connection with the origination of the related mortgage loan. This test may be highly subjective and open to interpretation. As a result, a court may determine that a mortgage loan does not meet the test even if an originator reasonably believed that the test was satisfied. Any determination by a court that a Mortgage Loan does not meet the test will result in a violation of the state anti-predatory lending law, in which case the Seller will be required to purchase such Mortgage Loan from the Trust.

Delay in Receipt of Liquidation Proceeds; Liquidation Proceeds May Be Less than Mortgage Loan Balance

Substantial delays could be encountered in connection with the liquidation of delinquent Mortgage Loans. Further, reimbursement of advances made on a Mortgage Loan and liquidation expenses such as legal fees, real estate taxes and maintenance and preservation expenses may reduce the portion of liquidation proceeds distributable to you. If a mortgaged property fails to provide adequate security for the Mortgage Loan, you will incur a loss on your investment if the credit enhancements are insufficient to cover the loss and if Fannie Mae is unable to pay under its Guaranty.

The Difference Between the Pass-Through Rates on the Offered Certificates and the Mortgage Rates on the Group I Mortgage Loans May Affect the Yields on such Certificates

Each class of the Offered Certificates accrues interest at a pass-through rate based on a one-month LIBOR index plus a specified margin, but such pass-through rate is subject to a limit. The limit on the pass-through rate for the Offered Certificates is based on the weighted average of the mortgage rates of the Group I Mortgage Loans, net of certain fees and expenses of the Trust (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider and the Fannie Mae Guaranty fee payable to Fannie Mae). The adjustable-rate Group I Mortgage Loans have mortgage rates that adjust based on a six-month LIBOR index, have periodic and lifetime limitations on adjustments to their mortgage rates, and have the first adjustment to their mortgage rates two or three years after the origination thereof. The fixed-rate Group I Mortgage Loans have mortgage rates that do not adjust. As a result of the limits on the pass-through rates on the Offered Certificates, such certificates may accrue less interest than they would accrue if their pass-through rates were based solely on the one-month LIBOR index plus the specified margin.

A variety of factors could limit the pass-through rates and adversely affect the yields to maturity on the Offered Certificates. Some of these factors are described below.

- The pass-through rates for the Offered Certificates may adjust monthly while the mortgage rates on the adjustable-rate Mortgage Loans adjust less frequently and the mortgage rates on the fixed-rate Mortgage Loans do not adjust at all. Furthermore, all of the adjustable-rate Mortgage Loans will have the first adjustment to their mortgage rates two or three years after their origination. Consequently, the limits on the pass-through rates on the Offered Certificates may prevent any increases in the pass-through rate on one or more classes of such certificates for extended periods in a rising interest rate environment.
- If prepayments, defaults and liquidations occur more rapidly on the Group I Mortgage Loans with relatively higher mortgage rates than on the Group I Mortgage Loans with relatively lower mortgage rates, the pass-through rate on the Offered Certificates is more likely to be limited.
- The mortgage rates on the adjustable-rate Group I Mortgage Loans may respond to different economic and market factors than does one-month LIBOR. It is possible that the mortgage rates on the adjustable-rate Group I Mortgage Loans may decline while the pass-through rates on the Offered Certificates are stable or rising. It is also possible that the mortgage rates on the adjustable-rate Group I Mortgage Loans and the pass-through rates on the Offered Certificates may both decline or increase during the same period, but that the pass-through rates on the Offered Certificates may decline more slowly or increase more rapidly.

If the pass-through rate on any class of Class A or Mezzanine Certificates is limited for any Distribution Date, the resulting basis risk shortfalls may be recovered by the holders of the affected certificates on the same Distribution Date or on future Distribution Dates, to the extent that on such Distribution Date or future Distribution Dates there are any available funds remaining after certain other distributions on the Class A and Mezzanine Certificates and the payment of certain fees and expenses of the Trust (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider). **The Fannie Mae Guaranty will not cover any basis risk shortfalls on the Offered Certificates.**

Amounts used to pay such shortfalls on the Offered Certificates may be supplemented by the Interest Rate Swap Agreement to the extent that the floating payment by the Swap Provider exceeds the fixed payment by the Trust on any Distribution Date and such amount is available in the priority described in this information circular. However, the amount received from the Swap Provider under the Interest Rate Swap Agreement may be insufficient to pay the holders of the applicable certificates the full amount of interest which they would have received absent the limitations of the rate cap. **The Fannie Mae Guaranty will not cover any failure of the Swap Provider to make required payments pursuant to the Interest Rate Swap Agreement or any shortfalls resulting from required payments by the Trust to the Swap Provider pursuant to the Interest Rate Swap Agreement, including any Swap Termination Payments.**

Risk Relating to Distribution Priority of the Offered Certificates

With respect to the Offered Certificates, as set forth in this information circular under “Description of the Certificates—Principal Distributions on the Class A and Mezzanine Certificates,” principal distributions will be made in a sequential manner among the Offered Certificates. The weighted average lives of the classes of Offered Certificates receiving principal distributions later will be longer than would otherwise be the case if distributions of principal were to be allocated on a *pro rata* basis among such classes of Offered Certificates. In addition, as a result of a sequential allocation of principal, the holders of the classes of Offered Certificates receiving principal distributions later will have a greater risk that losses on the related mortgage loans will adversely affect the yields to maturity on such certificates. See “Description of the Certificates— Principal Distributions” for more information.

The Rate and Timing of Principal Distributions on the Offered Certificates Will Be Affected by Prepayment Speeds

The rate and timing of distributions allocable to principal on the Offered Certificates will depend, in general, on the rate and timing of principal payments (including prepayments and collections upon defaults, liquidations and repurchases) on the Mortgage Loans and the allocation thereof to distribute principal on such certificates as described under “Description of the Certificates—Principal Distributions on the Class A and Mezzanine Certificates” in this information circular. As is the case with asset-backed pass-through certificates generally, the Offered Certificates are subject to substantial inherent cash-flow uncertainties because the Mortgage Loans may be prepaid at any time.

With respect to approximately 66.46% of the Group I Mortgage Loans and approximately 68.84% of the Group II Mortgage Loans, in each case by aggregate scheduled principal balance of the related loan group as of the Cut-off Date, a mortgagor principal prepayment may subject the related mortgagor to a prepayment charge, subject to certain limitations in the related mortgage note and limitations upon collection in the Pooling and Servicing Agreement. Generally, each such Mortgage Loan provides for payment of a prepayment charge on certain prepayments made within a defined period set forth in the related mortgage note (generally within the first three years but possibly as short as one year from the date of origination of such mortgage loan). A prepayment charge may or may not act as a deterrent to prepayment of the related Mortgage Loan.

The rate of prepayments on the Mortgage Loans will be sensitive to prevailing interest rates. Generally, when prevailing interest rates are increasing, prepayment rates on mortgage loans tend to decrease. A decrease in the prepayment rates on the Mortgage Loans will result in a reduced rate of principal distributions to investors in the Offered Certificates at a time when reinvestment at such higher prevailing rates would be desirable. Conversely, when prevailing interest rates are declining, prepayment rates on mortgage loans tend to increase. An increase in the prepayment rates on the Mortgage Loans will result in a greater rate of principal distributions to investors in the Offered Certificates at a time when reinvestment at comparable yields may not be possible. Furthermore, because the mortgage rates for the adjustable-rate Mortgage Loans are based on six-month LIBOR plus a fixed percentage amount, such rates could be higher than prevailing market interest rates at the time of adjustment, and this may result in an increase in the rate of prepayments on such Mortgage Loans after such adjustment.

The Seller may be required to repurchase Mortgage Loans from the Trust in the event certain breaches of representations and warranties have not been cured. In addition, Fannie Mae (with respect to the Group I Mortgage Loans), the NIMS Insurer, if any, or the Master Servicer may purchase or repurchase Mortgage Loans 90 days or

more delinquent, subject to the conditions set forth in the Pooling and Servicing Agreement. These purchases will have the same effect on the holders of the Offered Certificates as a prepayment of those Mortgage Loans.

The Master Servicer or the NIMS Insurer, if any, may purchase all of the Mortgage Loans when the aggregate principal balance of the Mortgage Loans (and properties acquired in respect thereof) is less than 10% of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date; provided that the consent of Fannie Mae will be required if such optional termination will cause a draw on the Fannie Mae Guaranty (as defined herein).

The Yields to Maturity on the Offered Certificates Will Depend on a Variety of Factors

The yield to maturity on each class of Offered Certificates will depend, in general, on (i) the applicable pass-through rate thereon from time to time; (ii) the applicable purchase price; (iii) the rate and timing of principal payments (including prepayments and collections upon defaults, liquidations and repurchases) and the allocation thereof to reduce the certificate principal balance of such certificates; (iv) the rate, timing and severity of realized losses on the Mortgage Loans; (v) adjustments to the mortgage rates on the adjustable-rate Mortgage Loans; (vi) the amount of excess interest generated by the Mortgage Loans; (vii) the allocation to the Offered Certificates of some types of interest shortfalls and (viii) payments due from the Trust in relationship to payments received from the Swap Provider under the Interest Rate Swap Agreement.

In general, if the Offered Certificates are purchased at a premium and principal distributions thereon occur at a rate faster than anticipated at the time of purchase, the investor's actual yield to maturity will be lower than that assumed at the time of purchase. Conversely, if the Offered Certificates are purchased at a discount and principal distributions thereon occur at a rate slower than that anticipated at the time of purchase, the investor's actual yield to maturity will be lower than that originally assumed.

As a result of the absorption of realized losses on the Mortgage Loans by excess interest and overcollateralization, each as described in this information circular, liquidations of defaulted Mortgage Loans, whether or not realized losses are allocated to the Mezzanine Certificates upon such liquidations, will result in an earlier return of principal to the Offered Certificates and will influence the yields on such certificates in a manner similar to the manner in which principal prepayments on the Mortgage Loans will influence the yields on the Offered Certificates. The overcollateralization provisions are intended to result in an accelerated rate of principal distributions to holders of the Offered Certificates at any time that the overcollateralization provided by the mortgage pool falls below the required level.

Potential Inadequacy of Credit Enhancement for the Offered Certificates

The credit enhancement features described in this information circular are intended to increase the likelihood that holders of the Offered Certificates will receive regular distributions of interest and principal. If delinquencies or defaults occur on the Mortgage Loans, neither the Master Servicer nor any other entity will advance scheduled monthly payments of interest and principal on delinquent or defaulted Mortgage Loans if such advances are deemed non-recoverable. If substantial losses occur as a result of defaults and delinquent payments on the Mortgage Loans, holders of the Offered Certificates may suffer losses if Fannie Mae is unable to pay under its Guaranty.

Interest Generated by the Mortgage Loans May Be Insufficient to Maintain or Restore Overcollateralization

The Mortgage Loans are expected to generate more interest than is needed to distribute interest owed on the Offered Certificates and to pay certain fees and expenses of the Trust (including any Net Swap Payment owed to the Swap Provider). Any remaining interest generated by the Mortgage Loans will first be used to absorb losses that occur on the Mortgage Loans and will then be used to maintain or restore overcollateralization. We cannot assure you, however, that enough excess interest will be generated to maintain or restore the required level of overcollateralization. The factors described below will affect the amount of excess interest that the Mortgage Loans will generate.

- Each time a Mortgage Loan is prepaid in full, liquidated, written off or repurchased, excess interest may be reduced because the Mortgage Loan will no longer be outstanding and generating interest or, in the case of a partial prepayment, will be generating less interest.
- If the rates of delinquencies, defaults or losses on the Mortgage Loans are higher than expected, excess interest will be reduced by the amount necessary to compensate for any shortfalls in cash available to make required distributions on the Class A and Mezzanine Certificates.
- The adjustable-rate Mortgage Loans have mortgage rates that adjust less frequently than, and on the basis of an index that is different from, the index used to determine the pass-through rates on the Offered Certificates, and the fixed-rate Mortgage Loans have mortgage rates that do not adjust. As a result, the pass-through rates on the related Offered Certificates may increase relative to mortgage rates on the applicable Mortgage Loans, requiring that a greater portion of the interest generated by those Mortgage Loans be applied to cover interest on the related Offered Certificates.

Prepayment Interest Shortfalls and Relief Act Shortfalls

When a Mortgage Loan is prepaid, the mortgagor is charged interest on the amount prepaid only up to (but not including) the date on which the prepayment is made, rather than for an entire month. This may result in a shortfall in interest collections available for distribution on the next Distribution Date. The Master Servicer is required to cover a portion of the shortfall in interest collections that are attributable to prepayments, but only up to the amount of the Master Servicer's servicing fee for the related period. In addition, certain shortfalls in interest collections arising from the application of the Servicemembers Civil Relief Act and similar state laws (the "Relief Act") will not be covered by the Master Servicer. **The Fannie Mae Guaranty with respect to the Offered Certificates will not cover any such prepayment interest shortfalls or Relief Act Shortfalls.**

On any Distribution Date, any shortfalls resulting from the application of the Relief Act and any prepayment interest shortfalls to the extent not covered by compensating interest paid by the Master Servicer, in each case regardless of which loan group experienced the shortfall, will first, reduce the interest accrued on the Class CE Certificates, and thereafter, will reduce the monthly interest distributable amounts with respect to the Class A and Mezzanine Certificates, on a *pro rata* basis based on the respective amounts of interest accrued on such certificates for such Distribution Date. The holders of the Offered Certificates will not be entitled to reimbursement for any such interest shortfalls. If these shortfalls are allocated to the Offered Certificates, the amount of interest distributed to those certificates will be reduced, adversely affecting the yield on your investment.

Reimbursement of Advances by the Master Servicer Could Delay Distributions on the Certificates

Under the Pooling and Servicing Agreement, the Master Servicer will make cash advances to cover delinquent payments of principal and interest on the Mortgage Loans to the extent it reasonably believes that the cash advances are recoverable from future payments on the Mortgage Loans. The Master Servicer may make such advances from amounts held for future distribution. In addition, the Master Servicer may withdraw from the collection account funds that were not included in Available Funds for the preceding Distribution Date to reimburse itself for advances previously made. Any such amounts withdrawn by the Master Servicer in reimbursement of advances previously made are generally required to be replaced by the Master Servicer on or before the next Distribution Date, subject to subsequent withdrawal. To the extent that the Master Servicer is unable to replace any amounts withdrawn in reimbursement of advances previously made, there could be a delay in distributions on the Offered Certificates. Furthermore, the Master Servicer's right to reimburse itself for advances previously made from funds held for future distribution could lead to amounts required to be restored to the collection account by the Master Servicer that are higher, and potentially substantially higher, than one month's advance obligation.

The Offered Certificates are Obligations of the Trust Only

The Offered Certificates will not represent an ownership interest in or obligation of the Depositor, the Master Servicer, the Seller, the Originators, Fannie Mae, the Trustee or any of their respective affiliates. Neither the Offered Certificates nor the underlying Mortgage Loans will be guaranteed or insured by any governmental agency or instrumentality (other than Fannie Mae), or by the Depositor, the Master Servicer, the Seller, the Originators, the Trustee or any of their respective affiliates. Proceeds of the assets included in the Trust and any payments by Fannie Mae under the Fannie Mae Guaranty will be the sole source of distributions on the Offered Certificates, and there will be no recourse to the Depositor, the Master Servicer, the Seller, the Originators, the Trustee or any other entity in the event that such proceeds are insufficient or otherwise unavailable to make all distributions provided for under the Offered Certificates.

Transfer of Servicing May Result in Higher Delinquencies and Defaults

Countrywide Home Loans Servicing LP will be the Master Servicer under the Pooling and Servicing Agreement. However, Ameriquest Mortgage Company will service the Mortgage Loans prior to the Closing Date through the date of the transfer of servicing to Countrywide Home Loans Servicing LP. Although the transfer of servicing with respect to the Mortgage Loans is scheduled to be completed in July 2005, all transfers of servicing involve the risk of disruption in collections due to data input errors, misapplied or misdirected payments, system incompatibilities and other reasons. As a result, the rate of delinquencies and defaults on the Mortgage Loans are likely to increase, at least for a period of time. There can be no assurance as to the extent or duration of any disruptions associated with the transfer of servicing or as to the resulting effects on the yield on Offered Certificates.

The Interest Rate Swap Agreement and the Swap Provider

Any amounts received from the Swap Provider under the Interest Rate Swap Agreement will be applied as described in this information circular to pay interest shortfalls and basis risk shortfalls, maintain overcollateralization and cover losses. However, no amounts will be payable by the Swap Provider unless the floating amount owed by the Swap Provider on a Distribution Date exceeds the fixed amount owed to the Swap Provider on such Distribution Date. This will not occur except in periods when one-month LIBOR (as determined pursuant to the Interest Rate Swap Agreement) generally exceeds 4.0875%. No assurance can be made that any amounts will be received under the Interest Rate Swap Agreement, or that any such amounts that are received will be sufficient to maintain required overcollateralization or to cover interest shortfalls, basis risk shortfalls and losses on the Mortgage Loans. Any net payment payable to the Swap Provider under the terms of the Interest Rate Swap Agreement will reduce amounts available for distribution to Certificateholders, and may reduce the Pass-Through Rates of the certificates. If the rate of prepayments on the Mortgage Loans is faster than anticipated, the schedule on which payments due under the Interest Rate Swap Agreement are calculated may exceed the aggregate principal balance of the Mortgage Loans, thereby increasing the relative proportion of interest collections on the Mortgage Loans that must be applied to make net payments to the Swap Provider. The combination of a rapid rate of prepayment and low prevailing interest rates could adversely affect the yields on the Offered Certificates. In addition, any termination payment payable to the Swap Provider in the event of early termination of the Interest Rate Swap Agreement will reduce amounts available for distribution to Certificateholders.

Upon early termination of the Interest Rate Swap Agreement, the Trust or the Swap Provider may be liable to make a Swap Termination Payment to the other party (regardless of which party caused the termination). The Swap Termination Payment will be computed in accordance with the procedures set forth in the Interest Rate Swap Agreement. In the event that the Trust is required to make a Swap Termination Payment, that payment will be paid on the related Distribution Date, and on any subsequent Distribution Dates until paid in full, generally prior to distributions to Certificateholders. This feature may result in losses on the Certificates. Investors should note that the level of one-month LIBOR as of June 23, 2005 is approximately 3.3100% which means the Trust will make a Net Swap Payment to the Swap Provider unless and until one-month LIBOR equals approximately 4.0875%.

To the extent that distributions on the Offered Certificates depend in part on payments to be received by the Trust under the Interest Rate Swap Agreement, the ability of the Trustee to make such distributions on such certificates will be subject to the credit risk of the Swap Provider to the Interest Rate Swap Agreement. The credit

ratings of the Swap Provider as of the date of this information circular are lower than the ratings assigned to the Offered Certificates. See “Description of the Certificates—The Swap Provider” in this information circular. **The Fannie Mae Guaranty will not cover any failure of the Swap Provider to make required payments pursuant to the Interest Rate Swap Agreement or any shortfalls resulting from required payments by the Trust to the Swap Provider pursuant to the Interest Rate Swap Agreement, including any Swap Termination Payments.**

Rights of the NIMS Insurer May Negatively Impact the Offered Certificates

Pursuant to the terms of the Pooling and Servicing Agreement, unless there exists a continuance of any failure by the NIMS Insurer, if any, to make a required payment under the policy insuring the net interest margin securities (such event, a “NIMS Insurer Default”), the NIMS Insurer, if any, will be entitled to exercise, among others, the following rights of the holders of the Offered Certificates, without the consent of such holders, and the holders of the Offered Certificates may exercise such rights only with the prior written consent of the NIMS Insurer, if any: (i) 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 in the event of a default by the Master Servicer; (ii) the right to remove the Trustee or any co-trustee or custodian pursuant to the Pooling and Servicing Agreement; and (iii) the right to direct the Trustee to make investigations and take actions pursuant to the Pooling and Servicing Agreement. In addition, unless a NIMS Insurer Default exists, such NIMS Insurer’s consent will be required prior to, among other things, (i) the removal and replacement of the Master Servicer, any successor Master Servicer or the Trustee, (ii) the appointment or termination of any subservicer or co-trustee or (iii) any amendment to the Pooling and Servicing Agreement.

Investors in the Offered Certificates should note that:

- any insurance policy issued by the NIMS Insurer, if any, will not cover, and will not benefit, in any manner whatsoever, the Offered Certificates;
- the rights to be granted to the NIMS Insurer, if any, are extensive;
- the interests of the NIMS Insurer, if any, may be inconsistent with, and adverse to, the interests of the holders of the Offered Certificates and the NIMS Insurer, if any, has no obligation or duty to consider the interests of the Offered Certificates in connection with the exercise or non-exercise of such NIMS Insurer’s rights;
- such NIMS Insurer’s, if any, exercise of the rights and consents set forth above may negatively affect the Offered Certificates and the existence of such NIMS Insurer’s, if any, rights, whether or not exercised, may adversely affect the liquidity of the Offered Certificates relative to other asset-backed certificates backed by comparable mortgage loans and with comparable payment priorities and ratings; and
- there may be more than one series of notes insured by the NIMS Insurer and the NIMS Insurer will have the rights set forth herein so long as any such series of notes remain outstanding.

Environmental Risks

Federal, state and local laws and regulations impose a wide range of requirements on activities that may affect the environment, health and safety. In certain circumstances, these laws and regulations impose obligations on owners or operators of residential properties such as those that secure the mortgage loans. Failure to comply with these laws and regulations can result in fines and penalties that could be assessed against the Trust as owner of the related property.

In some states, a lien on the property due to contamination has priority over the lien of an existing mortgage. Further, a mortgage lender may be held liable as an “owner” or “operator” for costs associated with the release of petroleum from an underground storage tank under certain circumstances. If the Trust is considered the owner or operator of a property, it may suffer losses as a result of any liability imposed for environmental hazards on the property.

Terrorist Attacks and Military Action Could Adversely Affect the Yield on your Certificates

The terrorist attacks in the United States on September 11, 2001 suggest that there is an increased likelihood of future terrorist activity in the United States. In addition, current political and military tensions in the Middle East have resulted in a significant deployment of United States military personnel in the region. Investors should consider the possible effects of past and possible future terrorist attacks and any resulting military response by the United States on the delinquency, default and prepayment experience of the Mortgage Loans. In accordance with the servicing standard set forth in the Pooling and Servicing Agreement, the Master Servicer may defer, reduce or forgive payments and delay foreclosure proceedings in respect of Mortgage Loans to borrowers affected in some way by such past and possible future events.

In addition, the current deployment of United States military personnel in the Middle East and the activation of a substantial number of United States military reservists and members of the National Guard may significantly increase the proportion of Mortgage Loans whose mortgage rates are reduced by the application of the Relief Act and similar state laws. See “Certain Legal Aspects of Mortgage Assets—Servicemembers Civil Relief Act” herein. Certain shortfalls in interest collections arising from the application of the Relief Act or any state law providing for similar relief will not be covered by the Master Servicer, any subservicer or any bond guaranty insurance policy. **The Fannie Mae Guaranty will not cover any such shortfalls.**

Legal Actions are Pending Against Ameriquest Mortgage Company

Because the nature of the sub-prime mortgage lending and servicing business involves the collection of numerous accounts, the validity of liens and compliance with state and federal lending laws, sub-prime lenders and servicers, including Ameriquest, are subject to numerous claims and legal actions (collectively, “Legal Actions”) in the ordinary course of their businesses. These Legal Actions include lawsuits styled as class actions and alleging violations of various federal and state consumer protection laws. While it is impossible to estimate with certainty the ultimate legal and financial liability with respect to such Legal Actions, and an adverse judgment in one or more Legal Actions may have a significant adverse financial effect on the Ameriquest, Ameriquest believes that the aggregate amount of liabilities arising from such Legal Actions will not result in monetary damages which will have a material adverse effect on the financial condition or results of Ameriquest.

In the year 2000, three plaintiffs filed separate actions in California Superior Court against the Ameriquest, including claims under California Code Sections 17200 and 17500, alleging that Ameriquest engaged in unfair business practices in connection with the origination of its mortgage loans. These cases were consolidated in 2001. The complaints sought damages for fraud, restitution and injunctive relief. The claims for fraud and damages were subsequently dismissed on Ameriquest’s motion for summary judgment.

On March 7, 2003, the California Superior Court certified a class including all persons (a) who had obtained a mortgage loan from Ameriquest in California during the period from October 1996 to the present or in any of 32 other states during the period from April 1998 to the present and (b) whose mortgage loan contains or contained terms that differ from those set forth in the Good Faith Estimate (“GFE”) of costs and fees provided to the borrower pursuant to the Real Estate Settlement Procedures Act at the time of the loan application with respect to any of the following: (1) the GFE referred to a fixed rate mortgage loan and the borrower received an adjustable-rate mortgage loan; (2) the GFE contained a lower interest rate than the actual mortgage loan interest rate; (3) the GFE contained lower origination or discount fees than actual fees; (4) the GFE did not provide for any prepayment charges and the mortgage loan obtained contained provisions for prepayment charges; or (5) the mortgage loan obtained did not include monthly payments for property taxes and insurance, and the GFE did not disclose this fact. In August 2003, the California Court of Appeals modified the class as certified by the trial court by reducing the number of states involved from 33 to four, which states are Alabama, Alaska, California and Texas. On March 4, 2005, the California Superior Court approved a preliminary settlement. The hearing for final approval of the settlement is scheduled for June 24, 2005.

In late December 2004, Ameriquest and its affiliate, Town and Country Credit Corporation were named as defendants in a class action complaint filed by Brian J. Borre and Joanne M. Borre, as plaintiffs, in the Circuit Court of Cook County Illinois. (A prior complaint served on June 9, 2004, similar in substance to this one filed by the

same plaintiffs, was voluntarily dismissed on December 14, 2004 when Ameriquest removed the action to federal court.) The current complaint was served on Ameriquest on January 11, 2005 and alleges that Ameriquest violated Section 4.1a of the Illinois Interest Act by charging more than 3 points on loans with an interest rate of 8% per annum or higher. The class is defined as all persons who are residents of Illinois who obtained loans from Ameriquest (which loans are still outstanding or were paid off within two years prior to the filing of this action) at an interest rate of 8% per annum or higher and were charged more than 3 points on such loans. The class has not been certified. Ameriquest believes it has valid defenses to this action, both on the merits and as to the validity of the class allegations.

Regulatory Matters Concerning Ameriquest Mortgage Company

Representatives of the financial regulatory agencies and/or attorney general's offices of thirty states (the "States") have raised concerns relating to the lending policies of Ameriquest Mortgage Company and its retail lending affiliates, Bedford Home Loans, Inc., and Town & Country Credit Corp. (collectively, the "Affiliates") for the appropriateness of discount points charged prior to February 2003; the accuracy of appraisal valuations; stated income loans and oral statements to borrowers relating to loan terms and disclosures. The Affiliates believe they have provided credible responses to the States and those responses and related matters continue to be the subject of ongoing discussions. While the Affiliates are presently unable to estimate the financial impact of the ultimate outcome of these matters, such outcome may have a material negative financial impact on the Affiliates.

On January 10, 2005, the Connecticut Department of Banking (the "Department") issued a Notice of Intent and Right to Hearing (the "Notice") to Ameriquest and its affiliates, Town & Country Credit Corporation and Argent Mortgage Company, L.L.C. (the "Companies"), pursuant to which the Department notified the Companies that it intends to: (1) require the Companies to stop collecting finance charges in excess of five percent in connection with the refinancing of first lien mortgage loans by Ameriquest or an affiliate where the related borrower previously had a loan with Ameriquest or an affiliate which was originated less than two years before the current loan transaction pursuant to Section 36a-498a of the Connecticut General Statutes, as amended (the "Statute"); (2) not renew the Companies' licenses to originate mortgages in the State of Connecticut; and (3) impose civil penalties on the Companies. The Companies have requested a hearing related to the Notice and believe they will be able to address the Department's concerns. The loans at issue in the Department's Notice are not voidable or rescindable under the Statute. However, if this matter is not resolved to the Department's and the Companies' satisfaction, it could have a material adverse effect on the Companies' continuing ability to do business in Connecticut.

Suitability of the Offered Certificates as Investments

The Offered Certificates are not suitable investments for any investor that requires a regular or predictable schedule of monthly payments or payment on any specific date. The Offered Certificates are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment and the interaction of these factors.

THE MORTGAGE POOL

The statistical information presented in this information circular relates to the Mortgage Loans as of the Cut-off Date. References to percentages of the Mortgage Loans in this information circular are based on the aggregate scheduled principal balance of the Mortgage Loans as specified in the amortization schedule at the Cut-off Date after application of all amounts allocable to unscheduled payments of principal received prior to the Cut-off Date. Prior to the issuance of the Certificates, some Mortgage Loans may be removed from the mortgage pool as a result of incomplete documentation or otherwise and any Mortgage Loans that prepay or default will be removed. Other mortgage loans may be included in the mortgage pool prior to the issuance of the Certificates. However, the removal and inclusion of such mortgage loans will not materially alter the characteristics of the Mortgage Loans as described in this information circular, although the range of mortgage rates and maturities and certain other characteristics of the Mortgage Loans may vary.

General

The mortgage loans delivered to the Trust on the Closing Date (the “Mortgage Loans”) will consist of conventional, one-to four- family, adjustable-rate and fixed-rate mortgage loans. The Depositor will purchase the Mortgage Loans from the Seller pursuant to the Mortgage Loan Purchase Agreement, to be dated as of the date of this information circular (the “Mortgage Loan Purchase Agreement”), between the Seller and the Depositor. Pursuant to the Pooling and Servicing Agreement, to be dated as of the Cut-off Date (the “Pooling and Servicing Agreement”), among the Depositor, the Master Servicer, Fannie Mae and the Trustee, the Depositor will cause the Mortgage Loans to be assigned to the Trustee for the benefit of the certificateholders.

The Mortgage Loans included in loan group I and loan group II are expected to have aggregate principal balances as of the Cut-off Date of approximately \$1,798,381,379 and \$601,620,613, respectively.

The Mortgage Loans will be secured by mortgages or deeds of trust or other similar security instruments creating first and second liens on residential properties (the “Mortgaged Properties”) consisting of attached, detached or semi-detached one-to four-family dwelling units, individual condominium units or individual units in planned unit developments and manufactured housing. The Mortgage Loans will have original terms to maturity of not greater than 30 years from the date on which the first payment was due on each Mortgage Loan. Approximately 4.99% of the Group II Mortgage Loans, by aggregate scheduled principal balance of the Group II Mortgage Loans as of the Cut-off Date, are secured by second liens.

Each adjustable-rate Mortgage Loan will accrue interest at the adjustable-rate calculated as specified under the terms of the related mortgage note and each fixed-rate Mortgage Loan will have a Mortgage Rate that is fixed for the life of such Mortgage (each such rate, a “Mortgage Rate”).

Approximately 0.03% of the Mortgage Loans were originated by the Seller’s affiliate, Olympus Mortgage Company (“Olympus”) and approximately 99.97% of the Mortgage Loans were originated by the Seller’s affiliate, Argent Mortgage Company, L.L.C. (“Argent”), in each case, by aggregate scheduled principal balance as of the Cut-off Date. Effective as of the close of business on December 31, 2004, all assets and liabilities of Olympus were transferred to Argent.

Each adjustable-rate Mortgage Loan will accrue interest at a Mortgage Rate that is adjustable. The adjustable-rate Mortgage Loans will provide for semi-annual adjustment to the Mortgage Rate thereon and for corresponding adjustments to the monthly payment amount due thereon, in each case on each adjustment date applicable thereto (each such date, an “Adjustment Date”); provided, that the first adjustment for approximately 71.13% of the adjustable-rate Group I Mortgage Loans and approximately 75.94% of the adjustable-rate Group II Mortgage Loans, in each case by aggregate scheduled principal balance of the adjustable-rate Mortgage Loans in the related loan group as of the Cut-off Date, will occur after an initial period of two years after origination, and the first adjustment for approximately 28.87% of the adjustable-rate Group I Mortgage Loans and approximately 24.06% of the adjustable-rate Group II Mortgage Loans, in each case by aggregate scheduled principal balance of the adjustable-rate Mortgage Loans in the related loan group as of the Cut-off Date, will occur after an initial period of three years after origination. On each Adjustment Date for each adjustable-rate Mortgage Loan, the Mortgage Rate thereon will be adjusted (subject to rounding) to equal the sum of the applicable Index (as defined below) and a fixed percentage amount (the “Gross Margin”). The Mortgage Rate on each adjustable-rate Mortgage Loan will not decrease on the first related Adjustment Date, will not increase by more than 2.000% per annum on the first related Adjustment Date (the “Initial Periodic Rate Cap”) and will not increase or decrease by more than 1.000% per annum on any Adjustment Date thereafter (the “Periodic Rate Cap”). Each Mortgage Rate on each adjustable-rate Mortgage Loan will not exceed a specified maximum Mortgage Rate over the life of such Mortgage Loan (the “Maximum Mortgage Rate”) or be less than a specified minimum Mortgage Rate over the life of such Mortgage Loan (the “Minimum Mortgage Rate”). Effective with the first monthly payment due on each adjustable-rate Mortgage Loan after each related Adjustment Date, the monthly payment amount will be adjusted to an amount that will amortize fully the outstanding principal balance of the related Mortgage Loan over its remaining term, and pay interest at the Mortgage Rate as so adjusted. Due to the application of the Periodic Rate Caps and the Maximum Mortgage Rates, the Mortgage Rate on each such adjustable-rate Mortgage Loan, as adjusted on any related Adjustment Date, may be less than the sum of the Index and the related Gross Margin, rounded as described herein.

None of the adjustable-rate Mortgage Loans permits the related mortgagor to convert the adjustable Mortgage Rate thereon to a fixed Mortgage Rate.

The Mortgage Loans will have scheduled monthly payments due on the first day of the month (with respect to each Mortgage Loan, a “Due Date”). Each Mortgage Loan will contain a customary “due-on-sale” clause which provides that (subject to state and federal restrictions) the Mortgage Loan must be repaid at the time of sale of the related mortgaged property or with the consent of the holder of the mortgage note assumed by a creditworthy purchaser of the related mortgaged property.

None of the Mortgage Loans will be buydown mortgage loans.

For purposes of calculating interest and principal distributions on the Class A Certificates, the Mortgage Loans will be divided into two loan groups, designated as the “Group I Mortgage Loans” and the “Group II Mortgage Loans.” The Group I Mortgage Loans will consist of adjustable-rate and fixed-rate mortgage loans with principal balances at origination that conform to Fannie Mae loan limits and the Group II Mortgage Loans will consist of adjustable-rate and fixed-rate mortgage loans with principal balances at origination that may or may not conform to Freddie Mac or Fannie Mae loan limits.

Approximately 66.46% of the Group I Mortgage Loans and approximately 68.84% of the Group II Mortgage Loans, in each case by aggregate scheduled principal balances of the related loan group as of the Cut-off Date, provide for payment by the mortgagor of a prepayment charge on certain principal prepayments, subject to certain limitations in the related mortgage note and limitations upon collection in the Pooling and Servicing Agreement. Generally, each such Mortgage Loan provides for payment of a prepayment charge on certain prepayments made within a defined period set forth in the related Mortgage Note (generally within the first three years but possibly as short as one year from the date of origination of such Mortgage Loan). The amount of the prepayment charge is as provided in the related Mortgage Note. The holders of the Class P Certificates will be entitled to all prepayment charges received on the Mortgage Loans in each loan group, and such amounts will not be available for distribution on the other classes of Certificates. Under certain instances, as described under the terms of the Pooling and Servicing Agreement, the Master Servicer may waive the payment of any otherwise applicable prepayment charge. Investors should conduct their own analysis of the effect, if any, that the prepayment charges, and decisions by the Master Servicer with respect to the waiver thereof, may have on the prepayment performance of the Mortgage Loans. As of July 1, 2003, the Alternative Mortgage Parity Act of 1982 (the “Parity Act”), which regulates the ability of the Originators to impose prepayment charges, was amended, and as a result, the Originators will be required to comply with state and local laws in originating mortgage loans with prepayment charge provisions with respect to loans originated on or after July 1, 2003. The Depositor makes no representations as to the effect that the prepayment charges, decisions by the Master Servicer with respect to the waiver thereof and the recent amendment of the Parity Act, may have on the prepayment performance of the Mortgage Loans. However, the ruling of the Office of Thrift Supervision (the “OTS”) does not retroactively affect loans originated before July 1, 2003. See “Certain Legal Aspects of Mortgage Assets—Enforceability of Certain Provisions—Prepayment Charges” in the prospectus.

Mortgage Loan Statistics

The Group I Mortgage Loans consist of 10,829 adjustable-rate and fixed-rate Mortgage Loans having an aggregate principal balance as of the Cut-off Date of approximately \$1,798,381,379, after application of scheduled payments due on or before the Cut-off Date whether or not received and application of all unscheduled payments of principal received prior to the Cut-off Date, and subject to a permitted variance of plus or minus 5%. None of the Group I Mortgage Loans had a first Due Date prior to December 2004 or after July 2005, or will have a remaining term to stated maturity of less than 174 months or greater than 360 months as of the Cut-off Date. The latest maturity date of any Group I Mortgage Loan is June 2035. The Group I Mortgage Loans are expected to have the characteristics set forth in Annex III of this information circular as of the Cut-off Date (the sum in any column may not equal the total indicated due to rounding).

The Group II Mortgage Loans consist of 2,778 adjustable-rate and fixed-rate Mortgage Loans having an aggregate principal balance as of the Cut-off Date of approximately \$601,620,613, after application of scheduled payments due on or before the Cut-off Date whether or not received and application of all unscheduled payments of principal received prior to the Cut-off Date, and subject to a permitted variance of plus or minus 5%. None of the Group II Mortgage Loans had a first Due Date prior to January 2005 or after July 2005, or will have a remaining term to stated maturity of less than 175 months or greater than 360 months as of the Cut-off Date. The latest maturity date of any Group II Mortgage Loan is June 2035. The Group II Mortgage Loans are expected to have the characteristics set forth in Annex III of this information circular as of the Cut-off Date (the sum in any column may not equal the total indicated due to rounding).

The Depositor believes that the information set forth in this information circular and in Annex III with respect to the Mortgage Loans will be representative of the characteristics of the mortgage pool as it will be constituted at the time the Certificates are issued, although the range of mortgage rates and maturities and certain other characteristics of the Mortgage Loans may vary. The characteristics of the final mortgage pool will not differ materially from the information provided herein.

Unless otherwise noted, all statistical percentages or weighted averages set forth in this information circular are measured as a percentage of the aggregate scheduled principal balance of the Mortgage Loans in the related loan group as of the Cut-off Date.

FICO Scores

“FICO Scores” are statistical credit scores obtained by many mortgage lenders in connection with the loan application to help assess a borrower’s creditworthiness. FICO Scores are generated by models developed by a third party and are made available to lenders through three national credit bureaus. The models were derived by analyzing data on consumers in order to establish patterns which are believed to be indicative of the borrower’s probability of default. The FICO Score is based on a borrower’s historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience. FICO 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 FICO 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 FICO 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, FICO Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general. Therefore, a FICO Score does not take into consideration the effect of mortgage loan characteristics on the probability of repayment by the borrower. The FICO Scores set forth in the tables in Annex III to this information circular were obtained at the time of origination of the Mortgage Loans. None of the Seller, the Originators, the Master Servicer, Fannie Mae, the Trustee, the Underwriters or the Depositor makes any representations or warranties as to the actual performance of any Mortgage Loan or that a particular FICO Score should be relied upon as a basis for an expectation that the borrower will repay the Mortgage Loan according to its terms.

The Index

The Index for each adjustable-rate Mortgage Loan will be set forth in the related Mortgage Note. The “Index” is the average of interbank offered rates for six-month U.S. dollar deposits in the London market based on quotations of major banks, and most recently available as of a day specified in the related mortgage note as published in the Western Edition of *The Wall Street Journal* (“Six-Month LIBOR”). If the Index becomes unpublished or is otherwise unavailable, the Master Servicer will select an alternative index which is based upon comparable information.

Underwriting Standards of the Originators

The Originators provided the information in the following paragraphs. None of the Depositor, the Trustee, the Underwriters, Fannie Mae, the Master Servicer or any of their respective affiliates has made or will make any representations as to the accuracy or completeness of such information. The following is a description of the underwriting standards used by Argent Mortgage Company, L.L.C. and Olympus Mortgage Company (the “Originators”) in connection with their origination of the Mortgage Loans.

The Mortgage Loans were originated generally in accordance with guidelines (the “Underwriting Guidelines”) established by the Originators with one of the following income documentation types: “Full Documentation,” “Limited Documentation” or “Stated Income.” The Underwriting Guidelines are primarily intended to evaluate: (1) the applicant’s credit standing and repayment ability and (2) the value and adequacy of the mortgaged property as collateral. On a case-by-case basis, the Originators may determine that, based upon compensating factors, a loan applicant, not strictly qualifying under one of the Risk Categories described below, warrants an exception to the requirements set forth in the Underwriting Guidelines. Compensating factors may include, but are not limited to, loan-to-value ratio, debt-to-income ratio, good credit history, stable employment history, length at current employment and time in residence at the applicant’s current address. It is expected that a substantial number of the Mortgage Loans to be included in the mortgage pool will represent such underwriting exceptions.

The Underwriting Guidelines are less stringent than the standards generally acceptable to more traditional lenders with regard to: (1) the applicant’s credit standing and repayment ability and (2) the property offered as collateral. Applicants who qualify under the Underwriting Guidelines generally have payment histories and debt ratios which would not satisfy the underwriting guidelines of more traditional lenders and may have a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. The Underwriting Guidelines establish the maximum permitted loan-to-value ratio for each loan type based upon these and other risk factors.

All of the Mortgage Loans originated by the Originators are based on loan application packages submitted directly or indirectly by a loan applicant to the Originators. Each loan application package has an application completed by the applicant that includes information with respect to the applicant’s liabilities, income, credit history and employment history, as well as certain other personal information. The Originators also obtain (or the broker submits) a credit report on each applicant from a credit reporting company. The credit report typically contains the reported information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and reported records of default, bankruptcy, repossession and judgments. If applicable, the loan application package must also generally include a letter from the applicant explaining all late payments on mortgage debt and, generally, consumer (i.e. non-mortgage) debt.

During the underwriting process, each Originator reviews and verifies the loan applicant’s sources of income (except under the Stated Income and Limited Documentation types, under which programs such information may not be independently verified), calculates the amount of income from all such 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 mortgaged property for compliance with the Underwriting Guidelines. The Underwriting Guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and requires (i) an appraisal of the mortgaged property which conforms to the Uniform Standards of Professional Appraisal Practice and are generally on forms similar to those acceptable to Fannie Mae and Freddie Mac and (ii) a review of such appraisal, which review may be conducted by a representative of the Originators or a fee appraiser and may include a desk review of the original appraisal or a drive-by review appraisal of the mortgaged property. The Underwriting Guidelines permit loans with a loan-to-value ratio or combined loan-to-value ratio at origination of up to 100%, subject to certain Risk Category limitations (as further described in that section). The maximum allowable loan-to-value ratio varies based upon the income documentation, property type, creditworthiness, debt service-to-income ratio of the applicant and the overall risks associated with the loan decision.

A. Income Documentation Types

Full Documentation. The Full Documentation residential loan program is generally based upon current year to date income documentation as well as the previous year's income documentation (i.e., tax returns and/or W-2 forms and/or written verification of employment) or bank statements for the previous twelve months. The documentation required is specific to the applicant's sources of income. The applicant's employment and/or business licenses are generally verified.

Limited Documentation. The Limited Documentation residential loan program is generally based on bank statements from the past six months supported by additional documentation provided by the applicant or current year to date documentation. The applicant's employment and/or business licenses are generally verified.

Stated Income. The Stated Income residential loan program requires the applicant's employment and income sources to be stated on the application. The applicant's income as stated must be reasonable for the related occupation in the loan underwriter's discretion. However, the applicant's income as stated on the application is not independently verified.

B. Property Requirements

Properties that are to secure mortgage loans have a valuation obtained by an appraisal performed by a qualified and licensed appraiser who is an independent appraiser who is in good standing with the related Originator's in-house appraisal department. Generally, properties below average standards in condition and repair are not acceptable as security for mortgage loans under the Underwriting Guidelines. 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. Every independent appraisal is reviewed through an automated valuation model, by a representative of the applicable Originator or a fee appraiser before the mortgage loan is funded. The Originators require that all mortgage loans have title insurance. The Originators also require that fire and extended coverage casualty insurance be maintained on the property in an amount equal to the lesser of the principal balance of the mortgage loan or the replacement cost of the property.

Any dwelling unit built on a permanent chassis (including mobile homes) and attached to a permanent foundation system is a "manufactured home" for purposes of the related Originator's guidelines. Any of the following factors would make a manufactured home ineligible under the related Originator's guidelines: manufactured homes located in a mobile home park or on leasehold land; manufactured homes not built in accordance with HUD guidelines; manufactured homes with additions; manufactured homes not classified as real property; single wide mobile homes; and manufactured homes located in the following states: Delaware, Hawaii, Iowa, Maryland, New Jersey, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island and Texas. Other factory-built housing, such as modular, prefabricated, panelized, or sectional housing is not considered a "manufactured home" under the related Originator's guidelines.

C. Risk Categories

Under the Underwriting Guidelines, various Risk Categories are used to grade the likelihood that the mortgagor will satisfy the repayment conditions of the mortgage loan. These Risk Categories establish the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the mortgagor's credit history and debt ratio. In general, higher credit risk mortgage loans are graded in Risk Categories which permit higher debt ratios and more (or more recent) major derogatory credit items such as outstanding judgments or prior bankruptcies; however, the Underwriting Guidelines establish lower maximum loan-to-value ratios and lower maximum loan amounts for loans graded in such Risk Categories.

The Underwriting Guidelines have the following Risk Categories and criteria for grading the potential likelihood that an applicant will satisfy the repayment obligations of a mortgage loan.

Risk Categories - Argent Mortgage Company, L.L.C.⁽¹⁾⁽²⁾

	I	II	III	IV	V
Mortgage History (Last 12 Months)	None	3 x 30	1 x 60	1 x 90	1 x 120 or greater
Bankruptcy or Foreclosure	AND none in last 36 months	AND none in last 24 months	AND none in last 12 months	OR in last 12 months	Not currently in
FICO Score	Maximum LTV ⁽³⁾				
680	100% ⁽⁴⁾	95%	90%	80%	75%
650	100% ⁽⁴⁾	95%	90%	80%	75%
620	100% ⁽⁴⁾	95%	90%	80%	70%
600	100% ⁽⁴⁾	95%	90%	80%	70%
580	95%	95%	90%	75%	70%
550	90%	90%	90%	75%	70%
525	85%	85%	80%	75%	70%
500	80%	80%	80%	75%	70%
Maximum Debt Ratio ⁽⁵⁾	50%	50%	50%	50%	55%
Other Credit ⁽⁶⁾	max \$5,000 open major derogatory credit	max \$5,000 open major derogatory credit	max \$5,000 open major derogatory credit	max \$5,000 open major derogatory credit	max \$5,000 open major derogatory credit

- ⁽¹⁾ Loans between \$500,000 and \$750,000 are available for all income documentation types. In addition, the underwriting guidelines provide for lower maximum LTV's depending on loan size; no bankruptcies in the last 36 months and mortgaged properties that are owner occupied. Rural properties and manufactured homes are excluded.
- ⁽²⁾ Interest only loans are available for all income documentation types, with a maximum LTV ratio of 95%. Interest only loans are available with interest-only periods of 2, 3 or 5 years. In addition to the program specific guidelines, the interest only guidelines require: a minimum FICO score of 620; a mortgage history of 3x30; no bankruptcies in the last 24 months; and mortgaged properties that are owner occupied. Mortgaged properties that are secured by manufactured homes are excluded.
- ⁽³⁾ The maximum LTV referenced is for mortgagors providing Full Documentation. The LTV may be reduced up to 5% for each of the following characteristics: non-owner occupancy and second homes. LTV may be reduced up to 10% for each of the following characteristics: 3-4 unit properties, manufactured homes, rural locations, and no mortgage or rental history.
- ⁽⁴⁾ LTV if originated under the 100% Advantage Program (allows qualified applicants the ability to borrow up to 100% LTV on a first-lien) or CLTV if originated under the 80/20 Combo Advantage Program (first lien and second lien mortgage loan closed simultaneously to allow applicants to borrow up to 100% combined CLTV).
- ⁽⁵⁾ Debt ratios may be increased if the LTV ratio is decreased. LTV equal to or less than 75% may have a 55% debt ratio. LTV equal to or less than 100% may have a 50% debt ratio.
- ⁽⁶⁾ Open major derogatory credit may be increased (up to a maximum of \$5,000) if the LTV ratio is decreased.

Risk Categories - Olympus Mortgage Company*

Credit Risk	LTV ^{(1) (2)}	Maximum Loan Amount ⁽¹⁾	LTV ^{(1) (2)}	Minimum Credit Score (FICO) ⁽¹⁾	Mortgage History (Last 12 Months)	Bankruptcy or Foreclosure
A+	100% ⁽³⁾	\$500,000	100% ⁽³⁾	650	0 x 30	none in the last 36 months
			95%	580		
			90%	550		
			85%	525		
			80%	500		
A	95%	\$500,000	95%	580	1 x 30	none in the last 24 months
			90%	550		
			80%	500		
A-	95%	\$500,000	95%	600	3 x 30	none in the last 24 months
			90%	550		
			80%	500		
B	90%	\$500,000	90%	550	1 x 60	none in the last 18 months
			80%	500		
C	80%	\$500,000	80%	550	1 x 90	not currently in
			75%	500		
C-	70%	\$400,000	70%	500	>1 x 90	current

⁽¹⁾ The maximum LTVs, maximum loan amounts and minimum credit scores referenced are for mortgagors providing Full Documentation.

⁽²⁾ Each LTV assumes that the mortgaged property is a single family residence, a condominium, a one- to two- unit property or a unit in a planned unit development. With respect to each Credit Risk (other than C-), the LTV may be reduced up to 5% for a three- to four- unit property and non-owner occupied properties. With respect to each Credit Risk (other than C-), the LTV may be reduced up to 10% for a manufactured home.

⁽³⁾ 100% LTV if originated as a single mortgage loan or 100% CLTV if originated with a first lien and second lien mortgage loan which closed simultaneously.

* For jumbo loans (over \$500,000-\$750,000): the underwriting guidelines provide for lower LTVs, up to one late payment in the last 12 months, no bankruptcies in the last 36 months, a FICO score of at least 600 and mortgaged properties that consist of single family residences, condominium units and townhouses that are owner-occupied primary residences.

YIELD ON THE CERTIFICATES

Certain Shortfalls in Collections of Interest

When a principal prepayment in full is made on a Mortgage Loan, the mortgagor is charged interest only for the period from the Due Date of the preceding monthly payment up to (but not including) the date of such prepayment, instead of for a full month. When a partial principal prepayment is made on a Mortgage Loan, the mortgagor is not charged interest on the amount of such prepayment for the month in which such prepayment is made. With respect to any Determination Date and each Mortgage Loan as to which a voluntary principal prepayment in full was applied during the portion of the related Prepayment Period occurring in the month preceding the month of such Determination Date, the “Prepayment Interest Shortfall” is an amount equal to the interest at the applicable Mortgage Rate (net of the Servicing Fee) on the amount of such principal prepayment for the number of days from the day after the last date on which interest was due from the related mortgagor through the last day of such preceding calendar month. In addition, the application of the Relief Act to any Mortgage Loan will adversely affect, for an indeterminate period of time, the ability of the Master Servicer to collect full amounts of interest on such Mortgage Loan. See “Certain Legal Aspects of Mortgage Assets—Servicemembers Civil Relief Act” herein.

The Master Servicer is obligated to pay from its own funds Prepayment Interest Shortfalls, but only to the extent of its aggregate Servicing Fee for the related Due Period. See “Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” herein. Accordingly, the effect of (i) any Prepayment Interest Shortfall that exceeds any payments made by the Master Servicer from its own funds in respect thereof or (ii) any shortfalls resulting from the application of the Relief Act, will be to reduce the aggregate amount of interest collected that is available for distribution to certificateholders. Any such shortfalls will be allocated among the Certificates as provided under “Description of the Certificates—Interest Distributions” and “—Overcollateralization Provisions” herein. If these shortfalls are allocated to the Offered Certificates the amount of interest distributed to

those Certificates will be reduced, adversely affecting the yield on your investment. **The holders of the Offered Certificates will not be entitled to reimbursement for any such interest shortfalls and the Fannie Mae Guaranty with respect to the Offered Certificates will not cover any such Prepayment Interest Shortfalls.**

General Prepayment and Default Considerations

The yield to maturity on the Offered Certificates will be sensitive to defaults on the Mortgage Loans. If a purchaser of an Offered Certificate calculates its anticipated yield based on an assumed rate of default and amount of losses that is lower than the default rate and amount of losses actually incurred, its actual yield to maturity may be lower than that so calculated. In general, the earlier a loss occurs, the greater the effect on an investor's yield to maturity. There can be no assurance as to the delinquency, foreclosure or loss experience with respect to the Mortgage Loans. Because the Mortgage Loans were underwritten in accordance with standards less stringent than those of more traditional lenders with regard to a borrower's credit standing and repayment ability, the risk of delinquencies with respect to, and losses on, the Mortgage Loans will be greater than that of mortgage loans underwritten in accordance with Fannie Mae and Freddie Mac standards.

The rate of principal distributions on the Offered Certificates, the aggregate amount of distributions on the Offered Certificates and the yield to maturity on the Offered Certificates will be related to the rate and timing of payments of principal on the applicable Mortgage Loans. The rate of principal payments on the adjustable-rate Mortgage Loans will in turn be affected by the amortization schedules for such Mortgage Loans as they change from time to time to accommodate changes in the Mortgage Rates and by the rate of principal prepayments thereon (including for this purpose, payments resulting from refinancings, liquidations of the Mortgage Loans due to defaults, casualties, condemnations and repurchases, whether optional or required, by the Depositor, the Seller, the Master Servicer or Fannie Mae, as the case may be). The Mortgage Loans generally may be prepaid by the mortgagors at any time; however, a mortgagor principal prepayment may subject that mortgagor to a prepayment charge as described under "The Mortgage Pool—General" herein.

Prepayments, liquidations and repurchases of the Mortgage Loans will result in distributions in respect of principal to the holders of the class or classes of Offered Certificates then entitled to receive such distributions that otherwise would be distributed over the remaining terms of the Mortgage Loans. See "Yield and Maturity Considerations" in the prospectus. Since the rates of payment of principal on the Mortgage Loans will depend on future events and a variety of factors (as described more fully herein and in the prospectus under "Yield and Maturity Considerations"), no assurance can be given as to the rate of principal prepayments on the Mortgage Loans. The extent to which the yield to maturity on any class of Offered Certificates may vary from the anticipated yield will depend upon the degree to which such Certificates are purchased at a discount or premium and the degree to which the timing of distributions thereon is sensitive to prepayments on the Mortgage Loans. Further, an investor should consider, in the case of any Offered Certificate purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Mortgage Loans could result in an actual yield to such investor that is lower than the anticipated yield and, in the case of any Offered Certificate purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

The rate of payments (including prepayments) on pools of mortgage loans is influenced by a variety of economic, geographic, social and other factors, including changes in mortgagors' housing needs, job transfers, unemployment, mortgagors' net equity in the mortgaged properties and servicing decisions. If prevailing mortgage rates fall significantly below the Mortgage Rates on the Mortgage Loans, the rate of prepayment (and refinancing) would be expected to increase. Conversely, if prevailing mortgage rates rise significantly above the Mortgage Rates on the Mortgage Loans, the rate of prepayment on the Mortgage Loans would be expected to decrease. The adjustable-rate Mortgage Loans may be subject to greater rates of prepayment as they approach their initial Adjustment Dates even if market interest rates are only slightly higher or lower than their Mortgage Rates as borrowers seek to avoid changes in their monthly payments. In addition, the existence of the applicable Periodic Rate Cap, Maximum Mortgage Rate and Minimum Mortgage Rate on the adjustable-rate Mortgage Loans may affect the likelihood of prepayments resulting from refinancings. Moreover, the Group I Mortgage Loans (which have principal balances that conform to Fannie Mae loan limits) may experience prepayment behavior that differs from that experienced by the Group II Mortgage Loans (which have principal balances that may or may not conform

to Freddie Mac and Fannie Mae loan limits). There can be no certainty as to the rate of prepayments on the Mortgage Loans during any period or over the life of the Certificates.

The prepayment experience of any Mortgage Loans secured by second liens will likely differ from that on Mortgage Loans secured by first liens. The smaller principal balances of second lien mortgage loans relative to the principal balances of first lien mortgage loans may reduce the perceived benefits of refinancing. In addition, the reduced equity in the related mortgaged property due to the existence of a second lien mortgage loan may reduce the opportunities for refinancing. The reduced opportunity for refinancing may result in a greater rate of default and will likely result in a greater severity of loss following default. On the other hand, many borrowers do not view second lien mortgage loans as permanent financing and may be more inclined to prepay those mortgage loans as a result. We cannot assure you as to the prepayment experience of any of the Mortgage Loans, including those secured by second liens.

Because principal distributions are made to certain classes of Offered Certificates before other such classes, holders of classes of Offered Certificates having a later priority of payment bear a greater risk of losses if Fannie Mae were unable to pay under the Fannie Mae Guaranty (because such Certificates will represent an increasing percentage interest in the Trust during the period prior to the commencement of distributions of principal thereon) than holders of classes having earlier priorities for distribution of principal. As described under “Description of the Certificates—Principal Distributions on the Class A and Mezzanine Certificates” herein, prior to the Stepdown Date, all principal payments on the Mortgage Loans will be allocated to the Class A Certificates. Thereafter, as further described herein, during certain periods, subject to certain delinquency and loss triggers described herein, all principal payments on the Mortgage Loans will be allocated to the Class A and Mezzanine Certificates in the priorities described under “Description of the Certificates—Principal Distributions on the Class A and Mezzanine Certificates” in this information circular.

In general, defaults on mortgage loans may occur with greater frequency in their early years. In addition, default rates may be higher for mortgage loans used to refinance an existing mortgage loan. In the event of a mortgagor’s default on a Mortgage Loan, there can be no assurance that recourse will be available beyond the specific mortgaged property pledged as security for repayment. See “The Mortgage Pool—Underwriting Standards of the Originators” herein.

The Group II Certificates, which are not offered by this information circular, evidence interests in the Group II Mortgage Loans. Due to the provisions for limited cross-collateralization between loan group I and loan group II as further described under “Description of the Certificates” below, the characteristics of the Group II Certificates and the performance of the Group II Mortgage Loans will affect the prepayment, weighted average lives and performance of the other classes of Offered Certificates.

Special Yield Considerations

The Mortgage Rates on the adjustable-rate Mortgage Loans adjust semi-annually based upon the Index after an initial period of two or three years after origination and the fixed-rate Mortgage Loans do not adjust at all. The Pass-Through Rates on the Offered Certificates may adjust monthly based upon One-Month LIBOR as described under “Description of the Certificates—Calculation of One-Month LIBOR” herein, subject to the related Net WAC Pass-Through Rate. As a result, increases in the Pass-Through Rates on the Offered Certificates may be limited for extended periods in a rising interest rate environment. The interest due on the related Mortgage Loans during any Due Period, net of the expenses of the Trust (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider), may not equal the amount of interest that would accrue at One-Month LIBOR plus the applicable margin on the Offered Certificates during the related Interest Accrual Period. In addition, the Index and One-Month LIBOR may respond differently to economic and market factors. Thus, it is possible, for example, that if both One-Month LIBOR and the Index rise during the same period, One-Month LIBOR may rise more rapidly than the Index or may rise higher than the Index, potentially resulting in the application of the related Net WAC Pass-Through Rate on one or more classes of the Offered Certificates which would adversely affect the yield to maturity on such Certificates. In addition, the Net WAC Pass-Through Rate for a class of Certificates will be reduced by the prepayment of the related Mortgage Loans with relatively higher Mortgage Rates.

If the pass-through rate on any class of Offered Certificates is limited by the Net WAC Pass-Through Rate for any Distribution Date, the resulting basis risk shortfalls may be recovered by the holders of such Certificates on such Distribution Date or on future Distribution Dates, to the extent that on such Distribution Date or future Distribution Dates there are any available funds remaining after certain other distributions on the Offered Certificates and the payment of certain fees and expenses of the Trust (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider). The ratings on the Offered Certificates do not address the likelihood of the recovery of any basis risk shortfalls by holders of the Offered Certificates.

Weighted Average Lives

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average lives of the Offered Certificates will be influenced by the rate at which principal on the Mortgage Loans is paid, which may be in the form of scheduled payments or prepayments (including repurchases by the Seller, or purchases by the Master Servicer or Fannie Mae and prepayments of principal by the borrower as well as amounts received by virtue of condemnation, insurance or foreclosure with respect to the Mortgage Loans), and the timing thereof.

Prepayments of mortgage loans are commonly measured relative to a prepayment standard or model. The model used with respect to the Mortgage Loans (the “Prepayment Assumption”) assumes:

- (i) In the case of the fixed-rate Mortgage Loans, 100% of the Fixed-Rate Vector. The “Fixed-Rate Vector” means a constant prepayment rate (“CPR”) of 2% per annum of the then unpaid principal balance of such Mortgage Loans in the first month of the life of such Mortgage Loans and an additional 2% per annum in each month thereafter until the 10th month, and then beginning in the 10th month and in each month thereafter during the life of such Mortgage Loans, a CPR of 20% per annum.
- (ii) In the case of the adjustable-rate Mortgage Loans, 100% of the Adjustable-Rate Vector. The “Adjustable-Rate Vector” means (a) a constant prepayment rate (“CPR”) of 5% per annum of the then unpaid principal balance of such Mortgage Loans in the first month of the life of such Mortgage Loans and an additional 2% per annum in each month thereafter until the 12th month, and then beginning in the 12th month and in each month thereafter until the 23rd month, a CPR of 27% per annum, (b) beginning in the 24th month and in each month thereafter until the 27th month, a CPR of 60% per annum and (c) beginning in the 28th month and in each month thereafter during the life of such Mortgage Loans, a CPR of 30% per annum. However, the prepayment rate will not exceed 85% CPR per annum in any period for any percentage of the Adjustable-Rate Vector.

CPR is a prepayment assumption that represents a constant 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. The model does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any mortgage loans, including the Mortgage Loans to be included in the Trust. Each of the Prepayment Scenarios in the table below assumes the respective percentages of the applicable prepayment vector indicated for such scenario.

The tables entitled “Percent of Original Certificate Principal Balance Outstanding” were prepared on the basis of the following assumptions (the “Modeling Assumptions”):

- (i) the Mortgage Loans have the characteristics set forth in the table entitled “Assumed Mortgage Loan Characteristics” in Annex II of this information circular;
- (ii) distributions on the Offered Certificates are made on the 25th day of each month, commencing in the month after the month of the Cut-off Date and the pass-through rates for the Offered Certificates are determined as set forth herein;

(iii) the prepayment rates are the percentages of the respective Prepayment Assumption set forth in the table entitled “Prepayment Scenarios”;

(iv) no defaults or delinquencies occur in the payment by mortgagors of principal and interest on the Mortgage Loans and no shortfalls in collection of interest are incurred;

(v) none of the Seller, the Originators, the Master Servicer, Fannie Mae, the NIMS Insurer, if any, or any other person purchases from the Trust any Mortgage Loan pursuant to any obligation or option under the Pooling and Servicing Agreement, except as indicated in the footnotes in the tables below;

(vi) scheduled monthly payments on the Mortgage Loans are received on the first day of each month commencing in the month after the month of the Cut-off Date, and are computed prior to giving effect to any prepayments received in the prior month;

(vii) voluntary principal prepayments representing payment in full of individual Mortgage Loans are received on the last day of each month commencing in the month of the Cut-off Date, and include 30 days’ interest thereon;

(viii) the scheduled monthly payment for each Mortgage Loan is calculated based on its principal balance, Mortgage Rate and remaining term to stated maturity such that the Mortgage Loan will amortize in amounts sufficient to repay the remaining principal balance of such Mortgage Loan by its remaining term to stated maturity;

(ix) the Certificates are purchased on June 28, 2005;

(x) with respect to the adjustable-rate Mortgage Loans, the Index remains constant at 3.640% per annum and the Mortgage Rate on each such Mortgage Loan is adjusted on the next Adjustment Date (and on subsequent Adjustment Dates if necessary) to equal the Index plus the applicable Gross Margin, subject to the applicable Initial Periodic Rate Cap, Periodic Rate Cap, Maximum Mortgage Rate and Minimum Mortgage Rate;

(xi) One-Month LIBOR remains constant at 3.260% per annum;

(xii) the monthly payment on each adjustable-rate Mortgage Loan is adjusted on the Due Date immediately following the next Adjustment Date (and on subsequent Adjustment Dates if necessary) to equal a fully amortizing monthly payment as described in clause (viii) above;

(xiii) the Mortgage Rate for each adjustable-rate Mortgage Loan adjusts every six months following its first Adjustment Date;

(xiv) the initial Certificate Principal Balance of the Class P Certificates is \$0.00;

(xv) the Servicing Fee Rate is equal to 0.5000% per annum and the Custodial Fee Rate is equal to 0.01% per annum; and

(xvi) the Fixed Swap Payment is calculated based on a schedule, a copy of which is attached hereto as Annex IV and no Swap Termination Payment is made.

Prepayment Scenarios⁽¹⁾

	I	II	III	IV	V	VI
Fixed-rate Mortgage Loans:	0%	50%	75%	100%	125%	150%
Adjustable-rate Mortgage Loans:	0%	50%	75%	100%	125%	150%

⁽¹⁾ Percentages of the applicable Vector for the fixed-rate Mortgage Loans and for the adjustable-rate Mortgage Loans.

There will be discrepancies between the characteristics of the actual Mortgage Loans and the characteristics included in the Modeling Assumptions. Any such discrepancy may have an effect upon the percentages of the original Certificate Principal Balances outstanding (and the corresponding weighted average lives) of the Offered Certificates set forth in the tables. In addition, since it is not likely the level of the Index or One-Month LIBOR will remain constant as assumed, the Offered Certificates may mature earlier or later than indicated by the table. As described under “Description of the Certificates—Principal Distributions on the Offered Certificates” herein, the occurrence of the Stepdown Date or a Trigger Event will have the effect of accelerating or decelerating the amortization of the Offered Certificates and affecting the weighted average lives of such Certificates. Neither the prepayment model used herein nor any other prepayment model or assumption purports to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans included in the mortgage pool. Variations in the prepayment experience and the balance of the Mortgage Loans that prepay may increase or decrease the percentages of original Certificate Principal Balances (and the corresponding weighted average lives) shown in the following tables. Such variations may occur even if the average prepayment experience of all the Mortgage Loans equals any of the Prepayment Scenarios shown in the immediately following tables.

Percent of Original Certificate Principal Balance Outstanding⁽¹⁾

Distribution Date	Class A-1A					
	Prepayment Scenario					
	I	II	III	IV	V	VI
Initial Percentage	100%	100%	100%	100%	100%	100%
June 25, 2006	97	73	61	48	36	23
June 25, 2007	95	31	2	0	0	0
June 25, 2008	92	0	0	0	0	0
June 25, 2009	89	0	0	0	0	0
June 25, 2010	86	0	0	0	0	0
June 25, 2011	83	0	0	0	0	0
June 25, 2012	80	0	0	0	0	0
June 25, 2013	76	0	0	0	0	0
June 25, 2014	72	0	0	0	0	0
June 25, 2015	68	0	0	0	0	0
June 25, 2016	63	0	0	0	0	0
June 25, 2017	57	0	0	0	0	0
June 25, 2018	52	0	0	0	0	0
June 25, 2019	45	0	0	0	0	0
June 25, 2020	38	0	0	0	0	0
June 25, 2021	31	0	0	0	0	0
June 25, 2022	22	0	0	0	0	0
June 25, 2023	13	0	0	0	0	0
June 25, 2024	3	0	0	0	0	0
June 25, 2025	0	0	0	0	0	0
June 25, 2026	0	0	0	0	0	0
June 25, 2027	0	0	0	0	0	0
June 25, 2028	0	0	0	0	0	0
June 25, 2029	0	0	0	0	0	0
June 25, 2030	0	0	0	0	0	0
June 25, 2031	0	0	0	0	0	0
June 25, 2032	0	0	0	0	0	0
June 25, 2033	0	0	0	0	0	0
June 25, 2034	0	0	0	0	0	0
June 25, 2035	0	0	0	0	0	0
June 25, 2036	0	0	0	0	0	0
June 25, 2037	0	0	0	0	0	0
June 25, 2038	0	0	0	0	0	0
June 25, 2039	0	0	0	0	0	0
June 25, 2040	0	0	0	0	0	0
June 25, 2041	0	0	0	0	0	0
June 25, 2042	0	0	0	0	0	0
June 25, 2043	0	0	0	0	0	0
June 25, 2044	0	0	0	0	0	0
June 25, 2045	0	0	0	0	0	0
June 25, 2046	0	0	0	0	0	0
June 25, 2047	0	0	0	0	0	0
Weighted Average Life (years) to Maturity ⁽²⁾	12.16	1.58	1.22	1.00	0.85	0.75
Weighted Average Life (years) to Optional Termination ⁽²⁾⁽³⁾	12.16	1.58	1.22	1.00	0.85	0.75

⁽¹⁾ Rounded to the nearest whole percentage except where otherwise indicated. If applicable, an * represents less than one-half of one percent but greater than zero percent.

⁽²⁾ The weighted average life of any class of Class A Certificates is determined by (i) multiplying the assumed net reduction, if any, in the Certificate Principal Balance on each Distribution Date of such class of Certificates by the number of years from the date of issuance of the Certificates to the related Distribution Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the assumed net reductions in Certificate Principal Balance of such class of Certificates.

⁽³⁾ Assumes an optional purchase of the Mortgage Loans on the earliest Distribution Date on which it is permitted.

Percent of Original Certificate Principal Balance Outstanding⁽¹⁾

Distribution Date	Class A-1B					
	Prepayment Scenario					
	I	II	III	IV	V	VI
Initial Percentage	100%	100%	100%	100%	100%	100%
June 25, 2006	100	100	100	100	100	100
June 25, 2007	100	100	100	40	0	0
June 25, 2008	100	89	0	0	0	0
June 25, 2009	100	28	0	0	0	0
June 25, 2010	100	0	0	0	0	0
June 25, 2011	100	0	0	0	0	0
June 25, 2012	100	0	0	0	0	0
June 25, 2013	100	0	0	0	0	0
June 25, 2014	100	0	0	0	0	0
June 25, 2015	100	0	0	0	0	0
June 25, 2016	100	0	0	0	0	0
June 25, 2017	100	0	0	0	0	0
June 25, 2018	100	0	0	0	0	0
June 25, 2019	100	0	0	0	0	0
June 25, 2020	100	0	0	0	0	0
June 25, 2021	100	0	0	0	0	0
June 25, 2022	100	0	0	0	0	0
June 25, 2023	100	0	0	0	0	0
June 25, 2024	100	0	0	0	0	0
June 25, 2025	83	0	0	0	0	0
June 25, 2026	56	0	0	0	0	0
June 25, 2027	26	0	0	0	0	0
June 25, 2028	0	0	0	0	0	0
June 25, 2029	0	0	0	0	0	0
June 25, 2030	0	0	0	0	0	0
June 25, 2031	0	0	0	0	0	0
June 25, 2032	0	0	0	0	0	0
June 25, 2033	0	0	0	0	0	0
June 25, 2034	0	0	0	0	0	0
June 25, 2035	0	0	0	0	0	0
June 25, 2036	0	0	0	0	0	0
June 25, 2037	0	0	0	0	0	0
June 25, 2038	0	0	0	0	0	0
June 25, 2039	0	0	0	0	0	0
June 25, 2040	0	0	0	0	0	0
June 25, 2041	0	0	0	0	0	0
June 25, 2042	0	0	0	0	0	0
June 25, 2043	0	0	0	0	0	0
June 25, 2044	0	0	0	0	0	0
June 25, 2045	0	0	0	0	0	0
June 25, 2046	0	0	0	0	0	0
June 25, 2047	0	0	0	0	0	0
Weighted Average Life (years) to Maturity ⁽²⁾	21.20	3.67	2.45	2.00	1.77	1.53
Weighted Average Life (years) to Optional Termination ⁽²⁾⁽³⁾	21.20	3.67	2.45	2.00	1.77	1.53

⁽¹⁾ Rounded to the nearest whole percentage except where otherwise indicated. If applicable, an * represents less than one-half of one percent but greater than zero percent.

⁽²⁾ The weighted average life of any class of Class A Certificates is determined by (i) multiplying the assumed net reduction, if any, in the Certificate Principal Balance on each Distribution Date of such class of Certificates by the number of years from the date of issuance of the Certificates to the related Distribution Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the assumed net reductions in Certificate Principal Balance of such class of Certificates.

⁽³⁾ Assumes an optional purchase of the Mortgage Loans on the earliest Distribution Date on which it is permitted.

Percent of Original Certificate Principal Balance Outstanding⁽¹⁾

Distribution Date	Class A-1C					
	Prepayment Scenario					
	I	II	III	IV	V	VI
Initial Percentage	100%	100%	100%	100%	100%	100%
June 25, 2006	100	100	100	100	100	100
June 25, 2007	100	100	100	100	81	35
June 25, 2008	100	100	99	34	0	0
June 25, 2009	100	100	67	29	0	0
June 25, 2010	100	90	41	6	0	0
June 25, 2011	100	68	20	0	0	0
June 25, 2012	100	50	4	0	0	0
June 25, 2013	100	34	0	0	0	0
June 25, 2014	100	20	0	0	0	0
June 25, 2015	100	9	0	0	0	0
June 25, 2016	100	0	0	0	0	0
June 25, 2017	100	0	0	0	0	0
June 25, 2018	100	0	0	0	0	0
June 25, 2019	100	0	0	0	0	0
June 25, 2020	100	0	0	0	0	0
June 25, 2021	100	0	0	0	0	0
June 25, 2022	100	0	0	0	0	0
June 25, 2023	100	0	0	0	0	0
June 25, 2024	100	0	0	0	0	0
June 25, 2025	100	0	0	0	0	0
June 25, 2026	100	0	0	0	0	0
June 25, 2027	100	0	0	0	0	0
June 25, 2028	99	0	0	0	0	0
June 25, 2029	81	0	0	0	0	0
June 25, 2030	62	0	0	0	0	0
June 25, 2031	42	0	0	0	0	0
June 25, 2032	19	0	0	0	0	0
June 25, 2033	0	0	0	0	0	0
June 25, 2034	0	0	0	0	0	0
June 25, 2035	0	0	0	0	0	0
June 25, 2036	0	0	0	0	0	0
June 25, 2037	0	0	0	0	0	0
June 25, 2038	0	0	0	0	0	0
June 25, 2039	0	0	0	0	0	0
June 25, 2040	0	0	0	0	0	0
June 25, 2041	0	0	0	0	0	0
June 25, 2042	0	0	0	0	0	0
June 25, 2043	0	0	0	0	0	0
June 25, 2044	0	0	0	0	0	0
June 25, 2045	0	0	0	0	0	0
June 25, 2046	0	0	0	0	0	0
June 25, 2047	0	0	0	0	0	0
Weighted Average Life (years) to Maturity ⁽²⁾	25.55	7.27	4.82	3.25	2.22	1.99
Weighted Average Life (years) to Optional Termination ⁽²⁾⁽³⁾	25.55	7.27	4.82	3.25	2.22	1.99

⁽¹⁾ Rounded to the nearest whole percentage except where otherwise indicated. If applicable, an * represents less than one-half of one percent but greater than zero percent.

⁽²⁾ The weighted average life of any class of Class A Certificates is determined by (i) multiplying the assumed net reduction, if any, in the Certificate Principal Balance on each Distribution Date of such class of Certificates by the number of years from the date of issuance of the Certificates to the related Distribution Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the assumed net reductions in Certificate Principal Balance of such class of Certificates.

⁽³⁾ Assumes an optional purchase of the Mortgage Loans on the earliest Distribution Date on which it is permitted.

Percent of Original Certificate Principal Balance Outstanding⁽¹⁾

Distribution Date	Class A-1D					
	Prepayment Scenario					
	I	II	III	IV	V	VI
Initial Percentage	100%	100%	100%	100%	100%	100%
June 25, 2006	100	100	100	100	100	100
June 25, 2007	100	100	100	100	100	100
June 25, 2008	100	100	100	100	61	0
June 25, 2009	100	100	100	100	61	0
June 25, 2010	100	100	100	100	61	0
June 25, 2011	100	100	100	79	44	0
June 25, 2012	100	100	100	57	29	0
June 25, 2013	100	100	84	42	20	0
June 25, 2014	100	100	66	30	13	0
June 25, 2015	100	100	52	22	9	0
June 25, 2016	100	98	40	16	5	0
June 25, 2017	100	83	32	12	2	0
June 25, 2018	100	70	25	9	0	0
June 25, 2019	100	59	19	6	0	0
June 25, 2020	100	49	15	3	0	0
June 25, 2021	100	41	12	1	0	0
June 25, 2022	100	34	9	0	0	0
June 25, 2023	100	28	7	0	0	0
June 25, 2024	100	23	4	0	0	0
June 25, 2025	100	19	2	0	0	0
June 25, 2026	100	15	*	0	0	0
June 25, 2027	100	12	0	0	0	0
June 25, 2028	100	9	0	0	0	0
June 25, 2029	100	7	0	0	0	0
June 25, 2030	100	4	0	0	0	0
June 25, 2031	100	1	0	0	0	0
June 25, 2032	100	0	0	0	0	0
June 25, 2033	89	0	0	0	0	0
June 25, 2034	41	0	0	0	0	0
June 25, 2035	0	0	0	0	0	0
June 25, 2036	0	0	0	0	0	0
June 25, 2037	0	0	0	0	0	0
June 25, 2038	0	0	0	0	0	0
June 25, 2039	0	0	0	0	0	0
June 25, 2040	0	0	0	0	0	0
June 25, 2041	0	0	0	0	0	0
June 25, 2042	0	0	0	0	0	0
June 25, 2043	0	0	0	0	0	0
June 25, 2044	0	0	0	0	0	0
June 25, 2045	0	0	0	0	0	0
June 25, 2046	0	0	0	0	0	0
June 25, 2047	0	0	0	0	0	0
Weighted Average Life (years) to Maturity ⁽²⁾	28.85	16.06	11.21	8.29	5.72	2.47
Weighted Average Life (years) to Optional Termination ⁽²⁾⁽³⁾	28.48	13.46	9.10	6.66	4.41	2.47

⁽¹⁾ Rounded to the nearest whole percentage except where otherwise indicated. If applicable, an * represents less than one-half of one percent but greater than zero percent.

⁽²⁾ The weighted average life of any class of Class A Certificates is determined by (i) multiplying the assumed net reduction, if any, in the Certificate Principal Balance on each Distribution Date of such class of Certificates by the number of years from the date of issuance of the Certificates to the related Distribution Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the assumed net reductions in Certificate Principal Balance of such class of Certificates.

⁽³⁾ Assumes an optional purchase of the Mortgage Loans on the earliest Distribution Date on which it is permitted.

There is no assurance that prepayments of the Mortgage Loans will conform to any of the levels of CPR reflected in the Prepayment Scenarios indicated in the tables above, or to any other level, or that the actual weighted average lives of the Offered Certificates will conform to any of the weighted average lives set forth in the tables above. Furthermore, the information contained in the table with respect to the weighted average lives of the Offered Certificates is not necessarily indicative of the weighted average lives that might be calculated or projected under different or varying prepayment, Index or One-Month LIBOR level assumptions.

The characteristics of the Mortgage Loans will differ from those assumed in preparing the tables above. In addition, it is unlikely that any Mortgage Loan will prepay at any constant percentage until maturity, that all of the Mortgage Loans will prepay at the same rate or that the level of the Index or One-Month LIBOR will remain constant or at any level for any period of time. The timing of changes in the rate of prepayments may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments and the level of the Index or One-Month LIBOR is consistent with the expectations of investors.

DESCRIPTION OF THE CERTIFICATES

General

The Park Place Securities, Inc., Asset-Backed Pass-Through Certificates, Series 2005-WCW2 (the “Certificates”) will consist of twenty-three classes of certificates, designated as: (i) the Class A-1A, Class A-1B, Class A-1C, Class A-1D (collectively the “Group I Certificates”), Class A-2A, Class A-2B, Class A-2C and Class A-2D Certificates (collectively, the “Group II Certificates” and together with the Group I Certificates, the “Class A Certificates”); (ii) the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates (collectively, the “Mezzanine Certificates”); (iii) the Class CE Certificates (together with the Mezzanine Certificates, the “Subordinate Certificates”); (iv) the Class P Certificates; and (v) the Class R Certificates and the Class R-X Certificates (the “Residual Certificates”). Only the Group I Certificates are offered hereby (the “Offered Certificates”). A description of the Group II and Mezzanine Certificates is included in this information circular because their amount, structure, rights, risks and other characteristics affect the amount, structure, rights, risks and other characteristics of the Offered Certificates.

Distributions on the Offered Certificates will be made on the 25th day of each month, or, if such day is not a business day, on the next succeeding business day, beginning in July 2005 (each, a “Distribution Date”).

The Certificates will represent in the aggregate the entire beneficial ownership interest in a trust (the “Trust”) consisting primarily of the mortgage pool. Each class of Class A and Mezzanine Certificates will have the approximate original Certificate Principal Balances as set forth in the table under “Summary of Terms—The Certificates” in this information circular. The Pass-Through Rates on the Class A and Mezzanine Certificates will be calculated for each Distribution Date as described under “—Pass-Through Rates” below.

The Class A, Mezzanine and Class CE Certificates evidence the following initial undivided interests in the Trust:

Class	Percentage Interest ⁽¹⁾
A	79.80%
M-1	3.25%
M-2	3.10%
M-3	1.90%
M-4	1.75%
M-5	1.60%
M-6	1.45%
M-7	1.30%
M-8	1.20%
M-9	1.00%
M-10	1.10%
M-11	1.25%
CE	1.30%

⁽¹⁾ Approximate

The Offered Certificates will be issued, maintained and transferred on the book-entry records of The Depository Trust Company (“DTC”) and its participants in minimum denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. If the use of book-entry facilities for the Offered Certificates is terminated, then any definitive certificates issued in respect of the Offered Certificates will be transferable and exchangeable at the offices of the Trustee designated for such purposes. No service charge will be imposed for any registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

All distributions to holders of the Certificates will be made by the Trustee to the persons in whose names such Certificates are registered at the close of business on each Record Date, which will be DTC or its nominee unless definitive certificates are issued. The “Record Date” for each Distribution Date (i) with respect to any book-entry certificate will be the close of business on the business day immediately preceding such Distribution Date or (ii) with respect to any definitive certificates, will be the close of business on the last business day of the month preceding the month in which such Distribution Date occurs. Such distributions will be made by wire transfer in immediately available funds to the account of each certificateholder specified in writing to the Trustee at least five business days prior to the relevant Record Date by such holder of Certificates or, if such instructions are not received, then by check mailed to the address of each such certificateholder as it appears in the Certificate Register. The final distribution on any class of Certificates will be made in like manner, but only upon presentment and surrender of such Certificates at the offices of the Trustee designated for such purposes or such other location specified in the notice to certificateholders of such final distribution. As of the Closing Date, the Trustee so designates its Corporate Trust Office located at 6th Street and Marquette Avenue, Minneapolis, Minnesota 55479 for such purpose.

Pass-Through Rates

The “Pass-Through Rate” on any Distribution Date with respect to each class of the Class A and Mezzanine Certificates will equal the lesser of (a) the related Formula Rate and (b) the related Net WAC Pass-Through Rate for such class for such Distribution Date. With respect to the Class A and Mezzanine Certificates, interest in respect of any Distribution Date will accrue during the related Interest Accrual Period on the basis of a 360-day year and the actual number of days elapsed.

The “Formula Rate” for each class of Class A and Mezzanine Certificates will be the lesser of (a) One-Month LIBOR determined as described under “—Calculation of One-Month LIBOR” in this information circular plus the related Certificate Margin and (b) the related Maximum Cap Rate.

The “Certificate Margin” with respect to each class of Class A and Mezzanine Certificates will be the percentages set forth below.

Class	Margin	
	(1) (%)	(2) (%)
A-1A	0.040	0.080
A-1B	0.080	0.160
A-1C	0.140	0.280
A-1D	0.230	0.460
A-2A	0.090	0.180
A-2B	0.150	0.300
A-2C	0.260	0.520
A-2D	0.370	0.740
M-1	0.500	0.750
M-2	0.530	0.795
M-3	0.550	0.825
M-4	0.650	0.975
M-5	0.680	1.020
M-6	0.750	1.125
M-7	1.300	1.950
M-8	1.550	2.325
M-9	2.000	3.000
M-10	2.500	3.750
M-11	2.500	3.750

(1) For the Interest Accrual Period for each Distribution Date on or prior to the Optional Termination Date.

(2) For each other Interest Accrual Period.

The “Net WAC Pass-Through Rate” for any Distribution Date and

(a) each class of Group I Certificates, will be a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to the weighted average of the Expense Adjusted Net Mortgage Rates of the Group I Mortgage Loans minus the sum of (x) an amount, expressed as a per annum rate, equal to any Net Swap Payment owed to the Swap Provider divided by the outstanding principal balance of the Mortgage Loans, (y) an amount, expressed as a per annum rate, equal to the Swap Termination Payment, if any, payable by the Trust divided by the outstanding principal balance of the Mortgage Loans and (z) the related Guaranty Fee Rate;

(b) each class of Group II Certificates, will be a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to the weighted average of the Expense Adjusted Net Mortgage Rates of the Group II Mortgage Loans minus the sum of (x) an amount, expressed as a per annum rate, equal to any Net Swap Payment owed to the Swap Provider divided by the outstanding principal balance of the Mortgage Loans and (y) an amount, expressed as a per annum rate, equal to the Swap Termination Payment, if any, payable by the Trust divided by the outstanding principal balance of the Mortgage Loans; and

(c) each class of Mezzanine Certificates, will be a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to the weighted average (weighted on the basis of the results of subtracting from the aggregate principal balance of each loan group the current aggregate Certificate Principal Balance of the related Class A Certificates) of the Net WAC Pass-Through Rate for the Group I Certificates and the Net WAC Pass-Through Rate for the Group II Certificates.

The “Expense Adjusted Net Mortgage Rate” for any Mortgage Loan for any Distribution Date will be a per annum rate equal to the applicable Mortgage Rate for such Mortgage Loan as of the first day of the month preceding the month in which such Distribution Date occurs minus the sum of (i) the Servicing Fee Rate and (ii) the Custodial Fee expressed as a per annum rate (the “Custodial Fee Rate”).

The “Maximum Cap Rate” for any Distribution Date and each class of Class A and Mezzanine Certificates is calculated in the same manner as the related Net WAC Pass-Through Rate, but based on the Expense Adjusted Net Maximum Mortgage Rates of the applicable Mortgage Loans rather than the Expense Adjusted Net Mortgage Rates of the applicable Mortgage Loans plus, an amount, expressed as a per annum rate, equal to a fraction, the numerator of which is equal to any Net Swap Payment made by the Swap Provider and the denominator of which is equal to the aggregate principal balance of the Mortgage Loans.

The “Expense Adjusted Net Maximum Mortgage Rate” for any Mortgage Loan for any Distribution Date will be a per annum rate equal to the applicable Maximum Mortgage Rate (or the Mortgage Rate for such Mortgage Loan in the case of any fixed-rate Mortgage Loans) as of the first day of the month preceding the month in which the Distribution Date occurs minus the sum of (i) the Servicing Fee Rate and (ii) the Custodial Fee Rate.

The Pass-Through Rates on the Class A and Mezzanine Certificates for the Interest Accrual Period beginning on a Distribution Date, to the extent it has been determined, and for the immediately preceding Interest Accrual Period will be made available via the Trustee’s internet website, together with the monthly statements required by the Pooling and Servicing Agreement. Assistance in using the website can be obtained by calling the Trustee’s customer service desk at (301) 815-6600. In connection with providing access to its internet website, the Trustee may require the use of an assigned log-on identification number and the acceptance of a disclaimer. Parties that are unable to use the above distribution method are entitled to have a paper copy mailed to them via first class mail by calling the investor relations desk and indicating such.

Net WAC Rate Carryover Amounts

On the Closing Date, the Trustee will establish a segregated trust account (the “Net WAC Rate Carryover Reserve Account”) from which distributions in respect of Net WAC Rate Carryover Amounts on the Class A and Mezzanine Certificates will be made. The Net WAC Rate Carryover Reserve Account will be an asset of the Trust but not of any REMIC. On each Distribution Date, to the extent required following the distribution of the Available Funds as described under “—Overcollateralization Provisions” in this information circular, the Trustee will withdraw from amounts in the Net WAC Rate Carryover Reserve Account to distribute to the Class A and Mezzanine Certificates any Net WAC Rate Carryover Amounts in the following order of priority, in each case to the extent of amounts remaining in the Net WAC Rate Carryover Reserve Account:

first, concurrently, to each class of Class A Certificates, the related Net WAC Rate Carryover Amount on a *pro rata* basis based on such respective Net WAC Rate Carryover Amounts; and

second, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, the related Net WAC Rate Carryover Amount.

Interest Rate Swap Agreement, the Swap Provider and the Swap Account

The Interest Rate Swap Agreement and the Swap Provider

On or before the Closing Date, the Trustee on behalf of the Trust will enter into an interest rate swap agreement (the “Interest Rate Swap Agreement”) with Bear Stearns Financial Products, Inc. (the “Swap Provider”). The Swap Provider is rated “AAA” by S&P and “Aaa” by Moody’s. On each Distribution Date, the Trustee, as Swap Administrator pursuant to a Swap Administration Agreement (as further described below), will deposit into a segregated trust account (the “Swap Account”) certain amounts, if any, received from the Swap Provider from which distributions in respect of Interest Carry Forward Amounts, Net WAC Rate Carryover Amounts, amounts necessary to maintain the applicable Overcollateralization Target Amount and Allocated Realized Loss Amounts on the Mezzanine Certificates will be made. The Swap Account will be an asset of the Trust but not of any REMIC.

Under the Interest Rate Swap Agreement, on each Distribution Date, the Trust will be obligated to pay to the Swap Provider from amounts available therefor pursuant to the Pooling and Servicing Agreement, a fixed amount based on a schedule, a copy of which is attached hereto as Annex IV for that Distribution Date (the “Fixed

Swap Payment”), and the Swap Provider will be obligated to pay to the Trustee a floating amount equal to the product of (x) one-month LIBOR (as determined pursuant to the Interest Rate Swap Agreement), (y) the Base Calculation Amount for that Distribution Date multiplied by 250, and (z) a fraction, the numerator of which is the actual number of days elapsed from the previous Distribution Date to but excluding the current Distribution Date (or, for the first Distribution Date, the actual number of days elapsed from the Closing Date to but excluding the first Distribution Date), and the denominator of which is 360. A net payment will be required to be made on each Distribution Date (each such net payment, a “Net Swap Payment”) (a) by the Trust, to the Swap Provider, to the extent that the fixed amount exceeds the corresponding floating amount, or (b) by the Swap Provider to the Trust to the extent that the floating amount exceeds the corresponding fixed amount.

The “Base Calculation Amount” is set forth with respect to each Distribution Date on Annex IV (which will be substantially the same schedule attached to the Interest Rate Swap Agreement). The initial Base Calculation Amount will be approximately \$9,600,000. The Interest Rate Swap Agreement will terminate immediately after the October 2009 Distribution Date unless terminated earlier upon the occurrence of a Swap Default, an Early Termination Event or an Additional Termination Event (each as defined below).

The respective obligations of the Swap Provider and the Trustee to pay specified amounts due under the Interest Rate Swap Agreement will be subject to the following conditions precedent: (1) no Swap Default or event that with the giving of notice or lapse of time or both would become a Swap Default, in each case, in respect of the other party, shall have occurred and be continuing with respect to the Interest Rate Swap Agreement and (2) no “Early Termination Date” (as defined in the ISDA Master Agreement) has occurred or been effectively designated with respect to the Interest Rate Swap Agreement.

“Events of Default” under the Interest Rate Swap Agreement (each a “Swap Default”) include the following standard events of default under the ISDA Master Agreement:

- “Failure to Pay or Deliver,”
- “Bankruptcy” (as amended in the Interest Rate Swap Agreement) and
- “Merger without Assumption” (but only with respect to the Swap Provider), as described in Sections 5(a)(i), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement.

“Termination Events” under the Interest Rate Swap Agreement (each a “Termination Event”) consist of the following standard events under the ISDA Master Agreement:

- “Illegality” (which generally relates to changes in law causing it to become unlawful for either party to perform its obligations under the Interest Rate Swap Agreement),
- “Tax Event” (which generally relates to either party to the Interest Rate Swap Agreement receiving a payment under the Interest Rate Swap Agreement from which an amount has been deducted or withheld for or on account of taxes) and
- “Tax Event Upon Merger” (solely with respect to the Swap Provider as merging party) (which generally relates to the Swap Provider’s receiving a payment under the Interest Rate Swap Agreement from which an amount has been deducted or withheld for or on account of taxes resulting from a merger),

as described in Sections 5(b)(i), 5(b)(ii) and 5(b)(iii) of the ISDA Master Agreement. In addition, there are “Additional Termination Events” (as defined in the Interest Rate Swap Agreement) including if the Trust should terminate, if the Pooling and Servicing Agreement or other transaction documents are amended or modified without the prior written consent of the Swap Provider where written consent is required or if, pursuant to the terms of the Pooling and Servicing Agreement, the Master Servicer or the NIMs Insurer, if any, exercise the option to purchase the Mortgage Loans. With respect to the Swap Provider, an Additional Termination Event will occur if the Swap Provider fails to comply with the Downgrade Provisions (as defined below).

Upon the occurrence of any Swap Default under the Interest Rate Swap Agreement, the non-defaulting party will have the right to designate an Early Termination Date. With respect to Termination Events (including Additional Termination Events), an Early Termination Date may be designated by one of the parties (as specified in the Interest Rate Swap Agreement) and will occur only after notice has been given of the Termination Event, all as set forth in the Interest Rate Swap Agreement. The occurrence of an Early Termination Date under the Interest Rate Swap Agreement will constitute a “Swap Early Termination.”

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

Upon a Swap Early Termination, the Trustee, at the direction of the Depositor and with the consent of the NIMS Insurer, will seek a replacement swap provider to enter into a replacement interest rate swap agreement or similar agreement. To the extent the Trust receives a Swap Termination Payment from the Swap Provider, the Trust will apply, as set forth in the Swap Administration Agreement, all or such portion of such Swap Termination Payment as may be required to the payment of amounts due to a replacement swap provider under a replacement interest rate swap agreement or similar agreement. Furthermore, to the extent the Trust is required to pay a Swap Termination Payment to the Swap Provider, the Trust will apply all or a portion of such amount received from a replacement swap provider upon entering into a replacement interest rate swap agreement or similar agreement to the Swap Termination Payment amount owing to the Swap Provider.

A Swap Termination Payment that is triggered upon: (i) an Event of Default under the Interest Rate Swap Agreement with respect to which the Swap Provider is a Defaulting Party (as defined in the Interest Rate Swap Agreement), (ii) a Termination Event under the Interest Rate Swap Agreement with respect to which the Swap Provider is the sole Affected Party (as defined in the Interest Rate Swap Agreement) or (iii) an Additional Termination Event under the Interest Rate Swap Agreement with respect to which the Swap Provider is the sole Affected Party, shall be a “Swap Provider Trigger Event.”

If the Swap Provider’s short-term or long-term credit ratings fall below the levels specified in the Interest Rate Swap Agreement, the Swap Provider will be required to (1) post collateral securing its obligations under the Interest Rate Swap Agreement or (2) obtain a substitute Swap Provider acceptable to the Rating Agencies and the NIMS Insurer (such consent by the NIMS Insurer will not be unreasonably withheld) that will assume the obligations of the Swap Provider under the Interest Rate Swap Agreement (such provisions, the “Downgrade Provisions”).

The Swap Administration Agreement and Swap Account

The Interest Rate Swap Agreement will be administered by the Trustee as Swap Administrator pursuant to a swap administration agreement (the “Swap Administration Agreement”). Any Net Swap Payments made by the Swap Provider will be distributed in accordance with the Swap Administration Agreement. The Swap Administrator will be required to deposit into the Swap Account an amount equal to any remaining and unpaid Interest Carry Forward Amounts, Net WAC Rate Carryover Amounts, Allocated Realized Loss Amounts and amounts necessary to maintain the applicable Overcollateralization Target Amount on the Class A and Mezzanine Certificates, up to the Net Swap Payment received by the Swap Administrator from the Swap Provider. Any excess amounts received by the Swap Administrator will be paid to Ameriquest Mortgage Company or its designee.

Net Swap Payments and Swap Termination Payments payable by the Trust will be deducted from Available Funds before distributions to Certificateholders and will first be deposited into the Swap Account before payment to the Swap Provider.

On each Distribution Date, to the extent required, following the distribution of the Net Monthly Excess Cashflow as described in “—Overcollateralization Provisions” in this information circular and withdrawals from the Net WAC Rate Carryover Reserve Account as described in “—Net WAC Rate Carryover Amounts”, the Trustee will withdraw from amounts in the Swap Account to distribute to the Class A and Mezzanine Certificates in the following order of priority:

first, to the Swap Provider, any Net Swap Payment owed to the Swap Provider pursuant to the Swap Agreement for such Distribution Date;

second, to the Swap Provider, any Swap Termination Payment owed to the Swap Provider not due to a Swap Provider Trigger Event pursuant to the Swap Agreement;

third, concurrently, to each class of Class A Certificates, the related Senior Interest Distribution Amount remaining undistributed after the distributions of the Group I Interest Remittance Amount and the Group II Interest Remittance Amount, on a *pro rata* basis based on such respective remaining Senior Interest Distribution Amounts,

fourth, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, the related Interest Distribution Amount and Interest Carry Forward Amount, to the extent remaining undistributed after the distributions of the Group I Interest Remittance Amount, the Group II Interest Remittance Amount and the Net Monthly Excess Cashflow;

fifth, concurrently, to each class of Class A Certificates, the related Net WAC Rate Carryover Amount, to the extent remaining undistributed after distributions are made from the Net WAC Rate Carryover Reserve Account, on a *pro rata* basis based on such respective Net WAC Rate Carryover Amounts remaining;

sixth, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, the related Net WAC Rate Carryover Amount, to the extent remaining undistributed after distributions are made from the Net WAC Rate Carryover Reserve Account;

seventh, to the holders of the class or classes of Certificates then entitled to receive distributions in respect of principal, in an amount necessary to maintain the applicable Overcollateralization Target Amount after taking into account distributions made pursuant to clause *first* under “—Overcollateralization Provisions;”

eighth, sequentially to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, in each case up to the related Allocated Realized Loss Amount related to such Certificates for such Distribution Date remaining undistributed after distribution of the Net Monthly Excess Cashflow; and

ninth, to the Swap Provider, any Swap Termination Payment owed to the Swap Provider, triggered by a Swap Provider Trigger Event pursuant to the Interest Rate Swap Agreement.

Calculation of One-Month LIBOR

With respect to each Interest Accrual Period (other than the first Interest Accrual Period) and the Class A and Mezzanine Certificates, on the second business day preceding such Interest Accrual Period (each such date, an “Interest Determination Date”), the Trustee will determine one-month LIBOR for the next Interest Accrual Period. With respect to the first Interest Accrual Period, on the Closing Date, the Trustee will determine one-month LIBOR for such Interest Accrual Period based on the information available on the second business day preceding the Closing Date. “One-Month LIBOR” means, as of any Interest Determination Date, the London interbank offered rate for one-month U.S. dollar deposits which appears on Telerate Page 3750 (as defined herein) as of 11:00 a.m. (London time) on such date. If such rate does not appear on Telerate Page 3750, the rate for that day will be determined on the basis of the offered rates of the Reference Banks for one-month U.S. dollar deposits, as of 11:00 a.m. (London time) on such Interest Determination Date. The Trustee will request the principal London office of

each of the Reference Banks to provide a quotation of its rate. If on such Interest Determination Date two or more Reference Banks provide such offered quotations, One-Month LIBOR for the related Interest Accrual Period will be the arithmetic mean of such offered quotations (rounded upwards if necessary to the nearest whole multiple of 0.0625%). If on such Interest Determination Date fewer than two Reference Banks provide such offered quotations, One-Month LIBOR for the related Interest Accrual Period will be the higher of (x) One-Month LIBOR as determined on the previous Interest Determination Date and (y) the Reserve Interest Rate.

As used in this section, “business day” means a day on which banks are open for dealing in foreign currency and exchange in London and New York City; “Telerate Page 3750” means the display page currently so designated on Moneyline Telerate (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices); “Reference Banks” means leading banks selected by the Trustee (after consultation with the Depositor and Fannie Mae) and engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, (ii) which have been designated as such by the Trustee and (iii) not controlling, controlled by, or under common control with, the Depositor or the Seller; and “Reserve Interest Rate” will be the rate per annum that the Trustee determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of 0.0625%) of the one-month U.S. dollar lending rates which New York City banks selected by the Trustee (after consultation with the Depositor and Fannie Mae) are quoting on the relevant Interest Determination Date to the principal London offices of leading banks in the London interbank market or, (ii) in the event that the Trustee can determine no such arithmetic mean, the lowest one-month U.S. dollar lending rate which New York City banks selected by the Trustee (after consultation with the Depositor and Fannie Mae) are quoting on such Interest Determination Date to leading European banks.

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 Class A and Mezzanine Certificates for the related Interest Accrual Period will (in the absence of manifest error) be final and binding.

Interest Distributions

Holders of the Class A and Mezzanine Certificates will be entitled to receive on each Distribution Date, the applicable Interest Distribution Amount, in the priorities set forth below.

I. On each Distribution Date, the Group I Interest Remittance Amount will be distributed in the following order of priority:

- (i) to Fannie Mae, the Guaranty Fee;
- (ii) concurrently, to the holders of each class of Group I Certificates, on a *pro rata* basis based on the entitlement of each such class, the Senior Interest Distribution Amount related to such Certificates;
- (iii) to Fannie Mae, any Guarantor Reimbursement Amount then due; and
- (iv) concurrently, to the holders of each class of Group II Certificates, on a *pro rata* basis based on the entitlement of each such class, the Senior Interest Distribution Amount related to such Certificates, to the extent remaining undistributed after the distribution of the Group II Interest Remittance Amount, as set forth in clause II below.

II. On each Distribution Date, the Group II Interest Remittance Amount will be distributed in the following order of priority:

- (i) concurrently, to the holders of each class of Group II Certificates, on a *pro rata* basis based on the entitlement of each such class, the Senior Interest Distribution Amount related to such Certificates;
- (ii) concurrently, to the holders of each class of Group I Certificates, on a *pro rata* basis based on the entitlement of each such class, the Senior Interest Distribution Amount related to such Certificates, to the extent

remaining undistributed after the distribution of the Group I Interest Remittance Amount, as set forth in clause I above;

(iii) to Fannie Mae, the Guaranty Fee, to the extent remaining unpaid after the distributions of the Group I Interest Remittance Amount as set forth in clause I above; and

(iv) to Fannie Mae, any Guarantor Reimbursement Amount then due, to the extent remaining unpaid after the distributions of the Group I Interest Remittance Amount as set forth in clause I above.

III. On each Distribution Date, following the distributions of interest to the holders of each class of the Class A Certificates and any payments and reimbursements to Fannie Mae, the sum of the Group I Interest Remittance Amount and the Group II Interest Remittance Amount remaining will be distributed sequentially to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, in an amount equal to the Interest Distribution Amount for each such class.

On any Distribution Date, any shortfalls resulting from application of the Relief Act and any Prepayment Interest Shortfalls to the extent not covered by Compensating Interest paid by the Master Servicer, in each case regardless of which loan group experienced the shortfall, will be allocated first, to reduce the interest accrued on the Class CE Certificates, and thereafter, to reduce the Interest Distribution Amounts with respect to the Class A and Mezzanine Certificates on a *pro rata* basis based on the respective amounts of interest accrued on such Certificates for such Distribution Date. The holders of the Class A and Mezzanine Certificates will not be entitled to reimbursement for any such interest shortfalls.

Principal Distributions on the Class A and Mezzanine Certificates

I. On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the Group I Principal Distribution Amount will be made in the following amounts and order of priority:

(i) to the holders of the Group I Certificates (allocated among the classes of Group I Certificates in the priority described below), until the Certificate Principal Balances thereof have been reduced to zero;

(ii) to Fannie Mae, any Guarantor Reimbursement Amount then due, to the extent not paid pursuant to clauses (I)(i) and (iii) and (II)(iii) and (iv) under “—Interest Distributions”; and

(iii) to the holders of the Group II Certificates (allocated among the classes of Group II Certificates in the priority described below), after taking into account the distribution of the Group II Principal Distribution Amount already distributed, as described herein, until the Certificate Principal Balances thereof have been reduced to zero.

II. On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the Group II Principal Distribution Amount will be made in the following amounts and order of priority:

(i) to the holders of the Group II Certificates (allocated among the classes of Group II Certificates in the priority described below), until the Certificate Principal Balances thereof have been reduced to zero; and

(ii) to the holders of the Group I Certificates (allocated among the classes of Group I Certificates in the priority described below), after taking into account the distribution of the Group I Principal Distribution Amount already distributed, as described herein, until the Certificate Principal Balances thereof have been reduced to zero.

III. On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the sum of the Group I Principal Distribution Amount and the Group II Principal Distribution Amount remaining undistributed for such Distribution Date will be made sequentially to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, in each case, until the Certificate Principal Balance of each such class has been reduced to zero.

IV. On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the Group I Principal Distribution Amount will be made in the following amounts and order of priority:

(i) to the holders of the Group I Certificates, the Senior Group I Principal Distribution Amount (allocated among the classes of Group I Certificates in the priority described below), until the Certificate Principal Balances thereof have been reduced to zero;

(ii) to Fannie Mae, any Guarantor Reimbursement Amount then due, to the extent not paid pursuant to clauses (I)(i) and (iii) and (II)(iii) and (iv) under “—Interest Distributions”; and

(iii) to the holders of the Group II Certificates (allocated among the classes of Group II Certificates in the priority described below), after taking into account the distribution of the Group II Principal Distribution Amount as described herein, up to an amount equal to the Senior Group II Principal Distribution Amount remaining undistributed, until the Certificate Principal Balances thereof have been reduced to zero.

V. On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the Group II Principal Distribution Amount will be made in the following amounts and order of priority:

(i) to the holders of the Group II Certificates, the Senior Group II Principal Distribution Amount (allocated among the classes of Group II Certificates in the priority described below), until the Certificate Principal Balances thereof have been reduced to zero; and

(ii) to the holders of the Group I Certificates (allocated among the classes of Group I Certificates in the priority described below), after taking into account the distribution of the Group I Principal Distribution Amount as described herein, up to an amount equal to the Senior Group I Principal Distribution Amount remaining undistributed, until the Certificate Principal Balances thereof have been reduced to zero.

VI. On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the sum of the Group I Principal Distribution Amount and the Group II Principal Distribution Amount remaining undistributed for such Distribution Date will be made in the following amounts and order of priority:

(i) to the holders of the Class M-1 Certificates, the Class M-1 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(ii) to the holders of the Class M-2 Certificates, the Class M-2 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(iii) to the holders of the Class M-3 Certificates, the Class M-3 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(iv) to the holders of the Class M-4 Certificates, the Class M-4 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(v) to the holders of the Class M-5 Certificates, the Class M-5 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(vi) to the holders of the Class M-6 Certificates, the Class M-6 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(vii) to the holders of the Class M-7 Certificates, the Class M-7 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(viii) to the holders of the Class M-8 Certificates, the Class M-8 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(ix) to the holders of the Class M-9 Certificates, the Class M-9 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero;

(x) to the holders of the Class M-10 Certificates, the Class M-10 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero; and

(xi) to the holders of the Class M-11 Certificates, the Class M-11 Principal Distribution Amount, until the Certificate Principal Balance thereof has been reduced to zero.

With respect to the Group I Certificates, all principal distributions will be distributed sequentially, to the Class A-1A, Class A-1B, Class A-1C and Class A-1D Certificates, in that order, until their respective Certificate Principal Balances have been reduced to zero.

With respect to the Group II Certificates, all principal distributions will be distributed sequentially, to the Class A-2A, Class A-2B, Class A-2C and Class A-2D Certificates, in that order, until their respective Certificate Principal Balances have been reduced to zero.

Credit Enhancement

The credit enhancement provided for the benefit of the holders of the Class A and Mezzanine Certificates consists of subordination, as described below, the Interest Rate Swap Agreement, excess interest, overcollateralization, as described under “—Overcollateralization Provisions” herein and, in the case of the Offered Certificates only, the Guaranty, as described under “—Fannie Mae Guaranty” herein.

The rights of the holders of the Subordinate Certificates to receive distributions will be subordinated, to the extent described herein, to the rights of the holders of the Class A Certificates. This subordination is intended to enhance the likelihood of regular receipt by the holders of the Class A Certificates of the full amount of their scheduled monthly distributions of interest and principal and to afford such holders protection against Realized Losses.

The protection afforded to the holders of the Class A Certificates by means of the subordination of the Subordinate Certificates will be accomplished by the preferential right of the holders of the Class A Certificates to receive on any Distribution Date, prior to distributions of interest on the Subordinate Certificates, distributions in respect of interest and prior to distributions of principal on the Subordinate Certificates, distributions in respect of principal, subject to available funds.

The allocation of distributions in respect of principal to the Class A Certificates on each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, will have the effect of accelerating the amortization of the Class A Certificates while, in the absence of Realized Losses, increasing the respective percentage interest in the principal balance of the Mortgage Loans evidenced by the Subordinate Certificates. Increasing the respective percentage interest in the Trust of the Subordinate Certificates relative to that of the Class A Certificates is intended to preserve the availability of the subordination provided by the Subordinate Certificates.

Overcollateralization Provisions

The weighted average Expense Adjusted Net Mortgage Rate for the Mortgage Loans is generally expected to be higher than the weighted average of the Pass-Through Rates on the Class A and Mezzanine Certificates, thus generating excess interest collections which, in the absence of Realized Losses, will not be necessary to fund interest distributions on the Class A and Mezzanine Certificates. The Pooling and Servicing Agreement will require that, on each Distribution Date, the Net Monthly Excess Cashflow, if any be distributed as follows:

first, to the holders of the class or classes of Certificates then entitled to receive distributions in respect of principal, in an amount equal to the Overcollateralization Increase Amount, distributable as part of the Group I Principal Distribution Amount or the Group II Principal Distribution Amount as described under “—Principal Distributions on the Class A and Mezzanine Certificates”;

second, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, in each case up to the Interest Carry Forward Amount for each such class of Mezzanine Certificates for such Distribution Date;

third, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10 and Class M-11 Certificates, in that order, in each case up to the Allocated Realized Loss Amount for each such class of Mezzanine Certificates for such Distribution Date;

fourth, to make payments to the Net WAC Rate Carryover Reserve Account, to the extent required to distribute to the holders of the Class A and Mezzanine Certificates any Net WAC Rate Carryover Amounts for such classes, without taking into account amounts, if any, received under the Interest Rate Swap Agreement; and

fifth, to the holders of the Class CE Certificates as provided in the Pooling and Servicing Agreement; and

sixth, to the holders of the Residual Certificates, any remaining amounts; provided that if such Distribution Date is the Distribution Date immediately following the expiration of the latest prepayment charge term or any Distribution Date thereafter, then any such remaining amounts will be distributed *first*, to the holders of the Class P Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and *second*, to the holders of the Residual Certificates.

On each Distribution Date, after making the distributions of the remainder of the Net Monthly Excess Cashflow as described above, the Trustee will withdraw from the Net WAC Rate Carryover Reserve Account the amounts on deposit therein and will distribute these amounts to the holders of the Class A and Mezzanine Certificates in the order and priority set forth under “—Net WAC Rate Carryover Amounts” herein.

On each Distribution Date, the Trustee will withdraw from the distribution account all amounts representing prepayment charges in respect of the Mortgage Loans received during the related Prepayment Period and will distribute these amounts to the holders of the Class P Certificates.

In the event that Realized Losses are incurred on the Mortgage Loans, such Realized Losses could result in an overcollateralization deficiency since such Realized Losses would reduce the principal balance of the Mortgage Loans without a corresponding reduction to the aggregate Certificate Principal Balances of the Class A and Mezzanine Certificates. In such event, the Pooling and Servicing Agreement will require the distribution from Net Monthly Excess Cashflow, if any on such Distribution Date, of an amount equal to the Overcollateralization Increase Amount, which will constitute a principal distribution on the Class A and Mezzanine Certificates in reduction of the Certificate Principal Balances thereof in order to eliminate such overcollateralization deficiency. This will have the effect of accelerating the amortization of the Class A and Mezzanine Certificates relative to the amortization of the Mortgage Loans, and of increasing the Overcollateralized Amount.

In the event that the Overcollateralization Target Amount is permitted to step down on any Distribution Date, the Pooling and Servicing Agreement provides that a portion of the principal which would otherwise be distributed to the holders of the Class A and Mezzanine Certificates on such Distribution Date will be distributed to the holders of the Class CE Certificates pursuant to the priorities set forth above. This will have the effect of decelerating the amortization of the Class A and Mezzanine Certificates relative to the amortization of the Mortgage Loans, and of reducing the Overcollateralized Amount. However, if on any Distribution Date a Trigger Event is in effect, the Overcollateralization Target Amount will not be permitted to step down on such Distribution Date.

Allocation of Losses; Subordination

Any Realized Losses on the Mortgage Loans incurred during a Due Period will first, reduce the Net Monthly Excess Cashflow for the related Distribution Date and second, reduce the Overcollateralized Amount, if any, for such Distribution Date. If after all distributions are made by the Trustee on a Distribution Date, the aggregate Certificate Principal Balance of the Class A, Mezzanine and Class P Certificates exceeds the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period), the amount of such excess will be allocated to reduce the Certificate Principal Balances of the Mezzanine Certificates in reverse numerical order, beginning with the class of Mezzanine Certificates then outstanding with the highest numerical class designation, until the Certificate Principal Balance of each such class has been reduced to zero. The Pooling and Servicing Agreement does not permit the allocation of any Realized Losses to the Class A or Class P Certificates.

“Subsequent Recoveries” are unanticipated amounts received on a liquidated Mortgage Loan that resulted in a Realized Loss in a prior month, net of amounts reimbursable to the Master Servicer therefrom. If Subsequent Recoveries are received, they will be included as part of the Principal Remittance Amount for the following Distribution Date and distributed in accordance with the priorities described in this information circular. In addition, after giving effect to all distributions on a Distribution Date, if any Allocated Realized Loss Amounts are outstanding, the Allocated Realized Loss Amount for the class of Mezzanine Certificates then outstanding with the highest distribution priority will be decreased by the amount of such Subsequent Recoveries until reduced to zero (with any remaining Subsequent Recoveries applied to reduce the Allocated Realized Loss Amount of the class with the next highest distribution priority), and the Certificate Principal Balance of such class or classes of Mezzanine Certificates will be increased by the same amount. Thereafter, such class or classes of Mezzanine Certificates will accrue interest on the increased Certificate Principal Balance.

Fannie Mae Guaranty

On each Distribution Date, Fannie Mae will be entitled to receive the Guaranty Fee payable primarily from interest collections on the Group I Mortgage Loans with respect to such Distribution Date. Fannie Mae, in consideration of the payment of the Guaranty Fee, will guarantee the timely payment of interest due on the Offered Certificates, subject to the limitations described below, any amount by which the aggregate Certificate Principal Balance of the Offered Certificates exceeds the aggregate principal balance of the Group I Mortgage Loans on any Distribution Date and the ultimate payment of principal on the Offered Certificates (the “Fannie Mae Guaranty”). On each applicable Distribution Date, a draw will be made on the Fannie Mae Guaranty equal to the sum of the Guaranteed Interest Distribution Amount, if any, and the Guaranteed Principal Distribution Amount, if any. The Fannie Mae Guaranty will not cover: (i) Prepayment Interest Shortfalls not covered by Compensating Interest; (ii) shortfalls resulting from the application of the Relief Act or similar state laws; (iii) Net WAC Rate Carryover Amounts, unless actually distributed to the Offered Certificates without giving effect to the Fannie Mae Guaranty and (iv) any failure of the Swap Provider to make required payments under the Interest Rate Swap Agreement or any shortfalls resulting from required payments by the Trust to the Swap Provider pursuant to the Interest Rate Swap Agreement, including any Swap Termination Payments.

In addition to the Guaranty Fee, Fannie Mae will be entitled to the Guarantor Reimbursement Amount relating to all Guaranteed Interest Distribution Amounts and Guaranteed Principal Distribution Amounts paid by it. The Guaranty Fee will be paid from the Group I Interest Remittance Amount prior to any other distributions from the Group I Interest Remittance Amount.

The “Guaranty Fee,” for any Distribution Date and the Offered Certificates, is the aggregate fee payable to Fannie Mae in respect of its services as guarantor that accrues at the applicable Guaranty Fee Rate for the Offered Certificates on a balance equal to the Certificate Principal Balance of the Offered Certificates immediately prior to such Distribution Date.

The “Guaranty Fee Rate” is a rate per annum for each Group I Certificate as specified in a side letter of Fannie Mae addressed to the Trustee and the Seller.

The “Guaranteed Interest Distribution Amount” for any Distribution Date and the Offered Certificates is the amount, if any, after giving effect to the distributions of the Group I Interest Remittance Amount and the Group II Interest Remittance Amount on such Distribution Date, by which the (i) the Senior Interest Distribution Amount distributable on the Offered Certificates for such Distribution Date exceeds (ii) the amount of interest actually distributed to the holders of the Offered Certificates on such Distribution Date.

The “Guaranteed Principal Distribution Amount” with respect to (a) any Distribution Date (other than the Distribution Date in July 2035) is the amount, if any, by which (i) the Certificate Principal Balance of the Offered Certificates (after giving effect to all amounts distributable and allocable to principal on the Offered Certificates but prior to giving effect to any Guarantor Payment on such Distribution Date) exceeds (ii) the aggregate principal balance of the Group I Mortgage Loans (after giving effect to the principal portion of monthly payments due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (b) the Distribution Date in July 2035 is the Certificate Principal Balance of the Guaranteed Certificates (after giving effect to all amounts distributable and allocable to principal on the Guaranteed Certificates, but prior to giving effect to any Guarantor Payment on such Distribution Date).

The “Guarantor Interest Reimbursement Amount” with respect to any Distribution Date is (i) the sum of any accrued but unpaid Guaranty Fees, including the Guaranty Fee due on such Distribution Date, and (ii) the sum of all amounts paid by Fannie Mae in respect of Guaranteed Interest Distribution Amounts on all prior Distribution Dates to the extent not previously reimbursed.

A “Guarantor Payment” is any payment made by Fannie Mae in respect of a Guaranteed Interest Distribution Amount or a Guaranteed Principal Distribution Amount.

The “Guarantor Principal Reimbursement Amount” with respect to any Distribution Date is the sum of all amounts paid by Fannie Mae in respect of Guaranteed Principal Distribution Amounts on all prior Distribution Dates to the extent not previously reimbursed.

The “Guarantor Reimbursement Amount” with respect to any Distribution Date is the sum of the Guarantor Interest Reimbursement Amount and the Guarantor Principal Reimbursement Amount.

The Non-Offered Certificates will not be guaranteed by Fannie Mae.

Definitions

An “Allocated Realized Loss Amount” with respect to any class of the Mezzanine Certificates and any Distribution Date will be an amount equal to (x) the sum of any Realized Loss allocated to that class of Certificates on the Distribution Date as described above in “—Allocation of Losses; Subordination” and any Allocated Realized Loss Amount for that class remaining undistributed from the previous Distribution Date minus (y) the amount of the increase in the related Certificate Principal Balance due to the receipt of Subsequent Recoveries.

The “Available Funds” for any Distribution Date will be equal to the sum, net of amounts reimbursable or payable therefrom to the Master Servicer, the Trustee, the Custodian or the Swap Provider (including any Net Swap Payment owed to the Swap Provider and any Swap Termination Payment owed to the Swap Provider), of (i) the aggregate amount of scheduled monthly payments on the Mortgage Loans due on the related Due Date and received on or prior to the related Determination Date, after deduction of the Servicing Fee for such Distribution Date, (ii) unscheduled payments in respect of the Mortgage Loans, including prepayments, insurance proceeds, liquidation

proceeds, Subsequent Recoveries and proceeds from repurchases or purchases of and substitutions for the Mortgage Loans occurring during the related Prepayment Period, (iii) proceeds from the purchase of the Mortgage Loans due to the optional termination of the Trust, (iv) all Advances with respect to the Mortgage Loans received for such Distribution Date and (v) any Compensating Interest paid by the Master Servicer. The holders of the Class P Certificates will be entitled to all prepayment charges received on the Mortgage Loans and such amounts will not be available for distribution to the Class A and Mezzanine Certificates.

A “Bankruptcy Loss” is a Deficient Valuation or a Debt Service Reduction.

The “Certificate Principal Balance” of the Class A, Mezzanine and Class P Certificates as of any date of determination will be equal to the initial Certificate Principal Balance thereof reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to such Certificate and (b) with respect to any Mezzanine Certificate, any reductions in the Certificate Principal Balance thereof deemed to have occurred in connection with allocations of Realized Losses in the manner described herein (taking into account any increases in the Certificate Principal Balance thereof due to the receipt of Subsequent Recoveries). The “Certificate Principal Balance” of the Class CE Certificates as of any date of determination will be equal to the excess, if any, of (a) the then aggregate principal balance of the Mortgage Loans over (b) the then aggregate Certificate Principal Balance of the Class A, Mezzanine and Class P Certificates.

The “Class A Principal Distribution Amount” will be an amount equal to the sum of (i) the Senior Group I Principal Distribution Amount and (ii) the Senior Group II Principal Distribution Amount.

The “Class M-1 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date) and (ii) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 66.10% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-2 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date) and (iii) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 72.30% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-3 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the

distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date) and (iv) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 76.10% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-4 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date) and (v) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 79.60% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-5 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date) and (vi) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 82.80% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-6 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-6 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the

distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date) and (vii) the Certificate Principal Balance of the Class M-6 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 85.70% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-7 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-7 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date), (vii) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the distribution of the Class M-6 Principal Distribution Amount on such date) and (viii) the Certificate Principal Balance of the Class M-7 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 88.30% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-8 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-8 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date), (vii) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the distribution of the Class M-6 Principal Distribution Amount on such date), (viii) the Certificate Principal Balance of the Class M-7 Certificates (after taking into account the distribution of the Class M-7 Principal Distribution Amount on such date) and (ix) the Certificate Principal Balance of the Class M-8 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 90.70% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or

advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-9 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-9 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date), (vii) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the distribution of the Class M-6 Principal Distribution Amount on such date), (viii) the Certificate Principal Balance of the Class M-7 Certificates (after taking into account the distribution of the Class M-7 Principal Distribution Amount on such date), (ix) the Certificate Principal Balance of the Class M-8 Certificates (after taking into account the distribution of the Class M-8 Principal Distribution Amount on such date) and (x) the Certificate Principal Balance of the Class M-9 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 92.70% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-10 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-10 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date), (vii) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the distribution of the Class M-6 Principal Distribution Amount on such date), (viii) the Certificate Principal Balance of the Class M-7 Certificates (after taking into account the distribution of the Class M-7 Principal Distribution Amount on such date), (ix) the Certificate Principal Balance of the Class M-8 Certificates (after taking into account the distribution of the Class M-8 Principal Distribution Amount on such date), (x) the Certificate Principal Balance of the Class M-9 Certificates (after taking into account the distribution of the Class M-9 Principal Distribution Amount on such date) and (xi) the Certificate Principal Balance of the Class M-10 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 94.90% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Class M-11 Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the lesser of (I) the Certificate Principal Balance of the Class M-11 Certificates immediately prior to such Distribution Date and (II) the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the distribution of the Class A Principal Distribution Amount on such Distribution Date), (ii) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the distribution of the Class M-1 Principal Distribution Amount on such date), (iii) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the distribution of the Class M-2 Principal Distribution Amount on such date), (iv) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the distribution of the Class M-3 Principal Distribution Amount on such date), (v) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the distribution of the Class M-4 Principal Distribution Amount on such date), (vi) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the distribution of the Class M-5 Principal Distribution Amount on such date), (vii) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the distribution of the Class M-6 Principal Distribution Amount on such date), (viii) the Certificate Principal Balance of the Class M-7 Certificates (after taking into account the distribution of the Class M-7 Principal Distribution Amount on such date), (ix) the Certificate Principal Balance of the Class M-8 Certificates (after taking into account the distribution of the Class M-8 Principal Distribution Amount on such date), (x) the Certificate Principal Balance of the Class M-9 Certificates (after taking into account the distribution of the Class M-9 Principal Distribution Amount on such date), (xi) the Certificate Principal Balance of the Class M-10 Certificates (after taking into account the distribution of the Class M-10 Principal Distribution Amount on such date) and (xii) the Certificate Principal Balance of the Class M-11 Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 97.40% and (ii) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$12,000,010.

The “Credit Enhancement Percentage” for any Distribution Date and class will be the percentage obtained by dividing (x) the aggregate Certificate Principal Balance of the classes of Certificates with a lower distribution priority than such class, in each case calculated after distribution of the Group I Principal Distribution Amount and the Group II Principal Distribution Amount to the holders of the Certificates then entitled to distributions of principal on such Distribution Date by (y) the aggregate principal balance of the Mortgage Loans, calculated after taking into account distributions of principal on the Mortgage Loans during the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced and unscheduled collections of principal received during the related Prepayment Period).

A “Debt Service Reduction” is any reduction in the amount which a mortgagor is obligated to pay on a monthly basis with respect to a Mortgage Loan as a result of any proceeding initiated under the United States Bankruptcy Code, other than a reduction attributable to a Deficient Valuation.

A “Deficient Valuation” with respect to any Mortgage Loan is a valuation by a court of competent jurisdiction of the mortgaged property in an amount less than the then outstanding indebtedness under the Mortgage Loan, which valuation results from a proceeding initiated under the United States Bankruptcy Code.

The “Delinquency Percentage” with respect to any Distribution Date is the percentage obtained by dividing (x) the principal amount of Mortgage Loans delinquent 60 days or more (including Mortgage Loans in foreclosure, Mortgage Loans with respect to which the related Mortgaged Properties have been acquired by the Trust and Mortgage Loans discharged due to bankruptcy) by (y) the aggregate principal balance of the Mortgage Loans, in each case, as of the last day of the previous calendar month.

The “Determination Date” with respect to any Distribution Date will be the 18th day of the calendar month in which such Distribution Date occurs or, if such 18th day is not a business day, the business day immediately preceding such 18th day.

The “Due Period” with respect to any Distribution Date commences on the second day of the month immediately preceding the month in which such Distribution Date occurs and ends on the first day of the month in which such Distribution Date occurs.

The “Group I Allocation Percentage” for any Distribution Date will be the percentage equivalent of a fraction, the numerator of which will be (x) the Group I Principal Remittance Amount for such Distribution Date and the denominator of which will be (y) the Principal Remittance Amount for such Distribution Date.

The “Group I Interest Remittance Amount” for any Distribution Date will be that portion of the Available Funds for such Distribution Date that represents interest received or advanced on the Group I Mortgage Loans.

The “Group I Principal Distribution Amount” for any Distribution Date will be the sum of (i) the principal portion of all scheduled monthly payments on the Group I Mortgage Loans due during the related Due Period, to the extent received on or prior to the related Determination Date or advanced prior to such Distribution Date; (ii) the principal portion of all proceeds received in respect of the repurchase of a Group I Mortgage Loan (or, in the case of a substitution, certain amounts representing a principal adjustment) as required by the Pooling and Servicing Agreement during the related Prepayment Period; (iii) the principal portion of all other unscheduled collections, including insurance proceeds, liquidation proceeds, Subsequent Recoveries and all full and partial principal prepayments, received during the related Prepayment Period, to the extent applied as recoveries of principal on the Group I Mortgage Loans and (iv) the Group I Allocation Percentage of the amount of any Overcollateralization Increase Amount for such Distribution Date; *minus* (v) the Group I Allocation Percentage of the amount of any Overcollateralization Reduction Amount for such Distribution Date. In no event will the Group I Principal Distribution Amount with respect to any Distribution Date be (x) less than zero or (y) greater than the then outstanding aggregate Certificate Principal Balance of the Class A and Mezzanine Certificates.

The “Group I Principal Remittance Amount” for any Distribution Date will be the sum of the amounts described in clauses (i) through (iii) of the definition of Group I Principal Distribution Amount.

The “Group II Allocation Percentage” for any Distribution Date will be the percentage equivalent of a fraction, the numerator of which will be (x) the Group II Principal Remittance Amount for such Distribution Date and the denominator of which will be (y) the Principal Remittance Amount for such Distribution Date.

The “Group II Interest Remittance Amount” for any Distribution Date will be that portion of the Available Funds for such Distribution Date that represents interest received or advanced on the Group II Mortgage Loans.

The “Group II Principal Distribution Amount” for any Distribution Date will be the sum of (i) the principal portion of all scheduled monthly payments on the Group II Mortgage Loans due during the related Due Period, to the extent received on or prior to the related Determination Date or advanced prior to such Distribution Date; (ii) the principal portion of all proceeds received in respect of the repurchase of a Group II Mortgage Loan (or, in the case of a substitution, certain amounts representing a principal adjustment) as required by the Pooling and Servicing Agreement during the related Prepayment Period; (iii) the principal portion of all other unscheduled collections, including insurance proceeds, liquidation proceeds, Subsequent Recoveries and all full and partial principal prepayments, received during the related Prepayment Period, to the extent applied as recoveries of principal on the Group II Mortgage Loans and (iv) the Group II Allocation Percentage of the amount of any Overcollateralization Increase Amount for such Distribution Date; *minus* (v) the Group II Allocation Percentage of the amount of any Overcollateralization Reduction Amount for such Distribution Date. In no event will the Group II Principal Distribution Amount with respect to any Distribution Date be (x) less than zero or (y) greater than the then outstanding aggregate Certificate Principal Balance of the Class A and Mezzanine Certificates.

The “Group II Principal Remittance Amount” for any Distribution Date will be the sum of the amounts described in clauses (i) through (iii) of the definition of Group II Principal Distribution Amount.

The “Interest Accrual Period” for any Distribution Date and the Class A and Mezzanine Certificates will be the period commencing on the Distribution Date in the month immediately preceding the month in which such Distribution Date occurs (or, in the case of the first period, commencing on the Closing Date) and ending on the day preceding such Distribution Date, and all distributions of interest on the Class A and Mezzanine Certificates will be based on a 360-day year and the actual number of days in the applicable Interest Accrual Period.

The “Interest Carry Forward Amount” with respect to any class of Class A and Mezzanine Certificates and any Distribution Date will be equal to the amount, if any, by which the Interest Distribution Amount for such class of Certificates for the immediately preceding Distribution Date exceeded the actual amount distributed on such Certificates in respect of interest on such immediately preceding Distribution Date, together with any Interest Carry Forward Amount with respect to such Certificates remaining undistributed from the previous Distribution Date plus interest accrued thereon at the related Pass-Through Rate on such Certificates for the most recently ended Interest Accrual Period. The Interest Carry Forward Amount with respect to the Class A Certificates, if any, will be distributed as part of the Senior Interest Distribution Amount on each Distribution Date. The Interest Carry Forward Amount with respect to the Mezzanine Certificates, to the extent not distributed from Net Monthly Excess Cashflow on such Distribution Date or the Interest Rate Swap Agreement on such Distribution Date, will be carried forward to succeeding Distribution Dates and, subject to available funds, will be distributed in the manner set forth in “—Overcollateralization Provisions” herein.

The “Interest Distribution Amount” for the Class A and Mezzanine Certificates of any class on any Distribution Date will be equal to interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of that class immediately prior to such Distribution Date at the then applicable Pass-Through Rate for such class and reduced (to not less than zero), in the case of each such class, by the allocable share, if any, for such class of Prepayment Interest Shortfalls not covered by Compensating Interest and shortfalls resulting from the application of the Relief Act, in each case to the extent not allocated to interest accrued on the Class CE Certificates.

The “Net Monthly Excess Cashflow” for any Distribution Date will be equal to the sum of (a) any Overcollateralization Reduction Amount and (b) the excess of (x) the Available Funds for such Distribution Date over (y) the sum for such Distribution Date of (i) the Senior Interest Distribution Amount distributable to the Class A Certificates, (ii) the Interest Distribution Amounts distributable to the holders of the Mezzanine Certificates, (iii) any amount paid to Fannie Mae from the Group I Interest Remittance Amount or the Group II Interest Remittance Amount and (iv) the Principal Remittance Amount.

The “Net WAC Rate Carryover Amount” for any Distribution Date and for any class of Class A and Mezzanine Certificates is an amount equal to the sum of (i) the excess, if any, of (x) the amount of interest such class of Certificates would have accrued for such Distribution Date had the applicable Pass-Through Rate been the related Formula Rate, over (y) the amount of interest such class of Certificates accrued for such Distribution Date at the related Net WAC Pass-Through Rate and (ii) the undistributed portion of any related Net WAC Rate Carryover Amount from the prior Distribution Date together with interest accrued on such undistributed portion for the most recently ended Interest Accrual Period at the related Formula Rate.

The “Overcollateralization Increase Amount” with respect to any Distribution Date equals the lesser of (i) the amount, if any, by which the Overcollateralization Target Amount exceeds the Overcollateralized Amount on such Distribution Date (calculated for this purpose only after assuming that 100% of the Principal Remittance Amount on such Distribution Date has been distributed) and (ii) the Net Monthly Excess Cashflow for such Distribution Date.

The “Overcollateralization Reduction Amount” with respect to any Distribution Date will be the lesser of (A) the Principal Remittance Amount on such Distribution Date or (B) the excess, if any, of (i) the Overcollateralized Amount for such Distribution Date (calculated for this purpose only after assuming that 100% of the Principal Remittance Amount on such Distribution Date has been distributed) over (ii) the Overcollateralization Target Amount for such Distribution Date.

The “Overcollateralization Target Amount” means, with respect to any Distribution Date, (i) prior to the Stepdown Date, an amount equal to approximately 1.30% of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date, (ii) on or after the Stepdown Date, provided a Trigger Event is not in effect, the greater of (x) approximately 2.60% of the then current aggregate outstanding principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (y) approximately \$12,000,010 or (iii) on or after the Stepdown Date and if a Trigger Event is in effect, the Overcollateralization Target Amount for the immediately preceding Distribution Date.

The “Overcollateralized Amount” with respect to any Distribution Date will be the excess, if any, of (a) the aggregate principal balance of the Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over (b) the sum of the aggregate Certificate Principal Balance of the Class A, Mezzanine and Class P Certificates, after giving effect to distributions to be made on such Distribution Date.

The “Prepayment Period” with respect to any Distribution Date will be the period commencing on the 16th day in the month preceding the month in which such Distribution Date falls (or, in the case of the first Distribution Date, commencing June 1, 2005) and ending on the 15th day of the calendar month in which such Distribution Date occurs.

The “Principal Remittance Amount” for any Distribution Date will be the sum of (i) the Group I Principal Remittance Amount and (ii) the Group II Principal Remittance Amount.

A “Realized Loss” is (a) the amount of any Bankruptcy Loss or (b) with respect to any defaulted Mortgage Loan that is liquidated through foreclosure sale, disposition of the related mortgaged property (if acquired on behalf of the certificateholders by foreclosure or deed in lieu of foreclosure) or otherwise, is the amount of loss realized, if any, equal to the portion of the unpaid principal balance remaining, if any, plus interest thereon through the last day of the month in which such Mortgage Loan was finally liquidated, after application of all amounts recovered (net of amounts reimbursable to the Master Servicer for Advances, servicing advances and other related expenses, including attorney’s fees) towards interest and principal owing on the Mortgage Loan.

The “Senior Group I Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the excess of (x) the Certificate Principal Balance of the Group I Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 59.60% and (ii) the aggregate principal balance of the Group I Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Group I Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$8,991,907.

The “Senior Group II Principal Distribution Amount” for any Distribution Date will be an amount, not less than zero, equal to the excess of (x) the aggregate Certificate Principal Balance of the Group II Certificates immediately prior to such Distribution Date over (y) the lesser of (A) the product of (i) approximately 59.60% and (ii) the aggregate principal balance of the Group II Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the aggregate principal balance of the Group II Mortgage Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus approximately \$3,008,103.

The “Senior Interest Distribution Amount” on any Distribution Date will be equal to the sum of the Interest Distribution Amount for such Distribution Date for the Class A Certificates and the Interest Carry Forward Amount, if any, for that Distribution Date for the Class A Certificates.

The “Stepdown Date” for any Distribution Date will be the earlier of (i) the first Distribution Date on which the aggregate Certificate Principal Balance of the Class A Certificates has been reduced to zero and (ii) the later to occur of (x) the Distribution Date occurring in July 2008 and (y) the first Distribution Date on which the Credit Enhancement Percentage for the Class A Certificates (calculated for this purpose only after taking into account distributions of principal on the Mortgage Loans, but prior to any distribution of the Group I Principal Distribution Amount and the Group II Principal Distribution Amount to the holders of the Certificates then entitled to distributions of principal on such Distribution Date) is greater than or equal to approximately 40.40%.

A “Trigger Event” is in effect with respect to any Distribution Date if:

(a) the Delinquency Percentage for the Mortgage Loans exceeds the applicable percentages of the Credit Enhancement Percentage for the prior Distribution Date as set forth below for the most senior class of Class A and Mezzanine Certificates then outstanding:

Class	Percentage
Class A Certificates	41.00%
Class M-1 Certificates	48.86%
Class M-2 Certificates	59.80%
Class M-3 Certificates	69.31%
Class M-4 Certificates	81.20%
Class M-5 Certificates	96.30%
Class M-6 Certificates	115.83%
Class M-7 Certificates	141.57%
Class M-8 Certificates	178.11%
Class M-9 Certificates	226.90%
Class M-10 Certificates	324.78%
Class M-11 Certificates	637.08%

or

(b) the aggregate amount of Realized Losses incurred since the Cut-off Date through the last day of the related Due Period (reduced by the aggregate amount of Subsequent Recoveries received since the Cut-off Date through the last day of the related Due Period) divided by the aggregate principal balance of the Mortgage Loans as of the Cut-off Date exceeds the applicable percentages set forth below with respect to such Distribution Date:

Distribution Date Occurring In	Percentage
July 2007 through June 2008	1.45% for the first month plus an additional 1/12 th of 1.80% for each month thereafter
July 2008 through June 2009	3.25% for the first month plus an additional 1/12 th of 1.85% for each month thereafter
July 2009 through June 2010	5.10% for the first month plus an additional 1/12 th of 1.50% for each month thereafter
July 2010 through June 2011	6.60% for the first month plus an additional 1/12 th of 0.85% for each month thereafter
July 2011 and thereafter	7.45%

Advances

Subject to the following limitations, the Master Servicer will be obligated to advance or cause to be advanced on or before each Distribution Date from its own funds (or from funds in the distribution account that are not included in the Available Funds for such Distribution Date or a combination of both) an amount equal to the aggregate of all payments of principal and interest (net of the Servicing Fee) that were due during the related Due Period on the Mortgage Loans and that were delinquent on the related Determination Date, plus certain amounts representing assumed payments not covered by any current net income on the Mortgaged Properties acquired by foreclosure or deed in lieu of foreclosure (any such advance, an “Advance” and together, the “Advances”). Advances are required to be made only to the extent they are deemed by the Master Servicer to be recoverable from related late collections, insurance proceeds, condemnation proceeds and liquidation proceeds. The purpose of making such Advances is to maintain a regular cash flow to the Certificateholders, rather than to guarantee or insure against losses. The Master Servicer will not be required, however, to make any Advances with respect to reductions in the amount of the monthly payments on the Mortgage Loans due to bankruptcy proceedings or the application of the Relief Act. Subject to the recoverability standard above, the Master Servicer’s obligation to make Advances as to any Mortgage Loan will continue until the Mortgage Loan is paid in full, charged off or until the recovery of all Liquidation Proceeds thereon.

All Advances will be reimbursable to the Master Servicer from late collections, insurance proceeds, condemnation proceeds and liquidation proceeds from the Mortgage Loan as to which such unreimbursed Advance was made. The Master Servicer may recover at any time from amounts in the collection account the amount of any Advance that the Master Servicer deems nonrecoverable or that remains unreimbursed to the Master Servicer from the related liquidation proceeds after the final liquidation of the related Mortgage Loan. In addition, the Master Servicer may, at any time, withdraw from the collection account funds that were not included in the Available Funds for the preceding Distribution Date to reimburse itself for Advances previously made by the Master Servicer. In the event the Master Servicer fails in its obligation to make any required Advance, Ameriquest Mortgage Company, in its capacity as successor Master Servicer, will be obligated to make any such Advance, to the extent required in the Pooling and Servicing Agreement. In the event that Ameriquest Mortgage Company cannot act as successor Master Servicer, the Trustee, as successor Master Servicer, will be obligated to make such Advance, to the extent required in the Pooling and Servicing Agreement.

In the course of performing its servicing obligations, the Master Servicer will pay all reasonable and customary “out-of-pocket” costs and expenses incurred in the performance of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration, inspection and protection of the Mortgaged Properties, (ii) any environmental audit, (iii) any enforcement or judicial proceedings, including foreclosures and (iv) the management and liquidation of Mortgaged Properties acquired in satisfaction of the related mortgage. Each such expenditure will constitute a “Servicing Advance.”

The Master Servicer’s right to reimbursement for Servicing Advances is limited to late collections on the related Mortgage Loan, including liquidation proceeds, released mortgaged property proceeds, insurance proceeds, condemnation proceeds and such other amounts as may be collected by the Master Servicer from the related mortgagor or otherwise relating to the Mortgage Loan in respect of which such unreimbursed amounts are owed. The Master Servicer may recover at any time from amounts in the collection account the amount of any Servicing Advance that the Master Servicer deems nonrecoverable or that remains unreimbursed to the Master Servicer from the related liquidation proceeds after the final liquidation of the related Mortgage Loan. See “Description of the Certificates—Allocation of Available Funds.”

The Pooling and Servicing Agreement provides that the Master Servicer or the Trustee, on behalf of the Trust (in each case, with the consent of Fannie Mae), may enter into a facility with any person which provides that such person (an “Advancing Person”) may directly or indirectly fund Advances and/or Servicing Advances, although no such facility will reduce or otherwise affect the Master Servicer’s obligation to fund such Advances and/or Servicing Advances. Such facility will not require the consent of the certificateholders. Any Advances and/or Servicing Advances made by an Advancing Person would be reimbursed to the Advancing Person in the same manner as reimbursements would be made to the Master Servicer if such advances were funded by the Master Servicer.

POOLING AND SERVICING AGREEMENT

General

The Certificates will be issued pursuant to the Pooling and Servicing Agreement, a form of which is filed as an exhibit to the Registration Statement. A Current Report on Form 8-K relating to the Certificates containing a copy of the Pooling and Servicing Agreement as executed will be filed by the Depositor with the Securities and Exchange Commission following the initial issuance of the Certificates. The Trust created under the Pooling and Servicing Agreement will consist of (i) all of the Depositor's right, title and interest in the Mortgage Loans, the related Mortgage Notes, Mortgages and other related documents, (ii) all payments on or collections in respect of the Mortgage Loans due after the Cut-off Date, together with any proceeds thereof, (iii) any Mortgaged Properties acquired on behalf of certificateholders by foreclosure or by deed in lieu of foreclosure, and any revenues received thereon, (iv) the rights of the Trustee under all insurance policies, required to be maintained pursuant to the Pooling and Servicing Agreement, (v) the Net WAC Rate Carryover Reserve Account, (vi) the rights of the Depositor under the Mortgage Loan Purchase Agreement, (vii) the right to any Net Swap Payment and any Swap Termination Payment made by the Swap Provider and deposited into the Swap Account and, (viii) the Fannie Mae Guaranty.

Deutsche Bank National Trust Company will act as custodian (the "Custodian") for the Trustee under the Pooling and Servicing Agreement pursuant to a Custodial Agreement, dated as of the Closing Date, among the Master Servicer, the Trustee and the Custodian. The Custodian will be paid a fee as set forth in the Pooling and Servicing Agreement in respect of its duties as custodian (the "Custodial Fee").

Fannie Mae will be a party to the Pooling and Servicing Agreement and will have certain rights thereunder, including, among other things, the right to be reimbursed for payments made on the Fannie Mae Guaranty and consent rights in certain circumstances with respect to the Offered Certificates.

The NIMS Insurer, if any, will be a third party beneficiary of the Pooling and Servicing Agreement to the extent set forth in the Pooling and Servicing Agreement. In addition, the NIMS Insurer, if any, will have several rights under the Pooling and Servicing Agreement including, but not limited to, the rights set forth under "Risk Factors—Rights of the NIMS Insurer May Negatively Impact the Offered Certificates" in this information circular.

Reference is made to the prospectus for important information in addition to that set forth herein regarding the Trust, the terms and conditions of the Pooling and Servicing Agreement and the Class A and Mezzanine Certificates. The Depositor will provide to a prospective or actual certificateholder without charge, on written request, a copy (without exhibits) of the Pooling and Servicing Agreement. Requests should be addressed to Park Place Securities, Inc., 1100 Town & Country Road, Suite 1100, Orange, California 92868, Attention: Capital Markets.

Assignment of the Mortgage Loans

The Depositor will deliver to the Custodian, on behalf of the Trustee, with respect to each Mortgage Loan (i) the mortgage note endorsed without recourse in blank to reflect the transfer of the Mortgage Loan, (ii) the original mortgage with evidence of recording indicated thereon and (iii) an assignment of the mortgage in recordable form endorsed in blank without recourse, reflecting the transfer of the Mortgage Loan. The Depositor will not cause to be recorded any assignment of mortgage which relates to a Mortgage Loan in any jurisdiction (except with respect to any Mortgage Loan located in the State of Maryland) unless such failure to record would result in a withdrawal or a downgrading by any Rating Agency of the rating on any class of Certificates; provided, however, upon the occurrence of certain events set forth in the Pooling and Servicing Agreement, each such assignment of mortgage will be recorded, or submitted for recording by the Seller, at the Seller's expense (or, if the Seller is unable to pay the cost of recording the assignments of mortgage, such expense will be paid by the Trustee, which expense will be reimbursed by the Trust) as set forth in the Pooling and Servicing Agreement.

Within 45 days of the Closing Date, the Custodian will review the Mortgage Loans and related documents pursuant to the Pooling and Servicing Agreement and if any Mortgage Loan or related document is found not to conform to the review criteria set forth in the Pooling and Servicing Agreement in any material respect and such

defect is not cured within 90 days following notification thereof to the Seller by the Trustee, the Trustee will enforce the Seller's obligations under the Mortgage Loan Purchase Agreement either to (i) substitute for such Mortgage Loan a Qualified Substitute Mortgage Loan; however, such substitution is permitted only within two years of the Closing Date and may not be made unless an opinion of counsel is provided to the effect that such substitution will not disqualify any of the REMICs as a REMIC or result in a prohibited transaction tax under the Code or (ii) purchase such Mortgage Loan at a price (the "Purchase Price") equal to the outstanding Principal Balance of such Mortgage Loan as of the date of purchase, plus all accrued and unpaid interest thereon, computed at the Mortgage Rate through the end of the calendar month in which the purchase is effected, plus the amount of any unreimbursed Advances and Servicing Advances made by the Master Servicer, plus any costs and damages incurred by the Trust in connection with any violation by such loan of any predatory- or abusive-lending law. The Purchase Price will be required to be remitted to the Master Servicer for deposit in the Collection Account on or prior to the next succeeding Determination Date after such obligation arises. The obligation of the Seller to repurchase or substitute for a Deleted Mortgage Loan is the sole remedy regarding any defects in the Mortgage Loans and related documents available to the Trustee or the Certificateholders.

In connection with the substitution of a Qualified Substitute Mortgage Loan, the Seller will be required to remit to the Master Servicer for deposit in the Collection Account on or prior to the next succeeding Determination Date after such obligation arises an amount (the "Substitution Adjustment") equal to the excess of the Principal Balance of the related Deleted Mortgage Loan over the Principal Balance of such Qualified Substitute Mortgage Loan.

A "Qualified Substitute Mortgage Loan" is a mortgage loan substituted by the Seller for a Deleted Mortgage Loan which must, on the date of such substitution, (i) have an outstanding Principal Balance (or in the case of a substitution of more than one Mortgage Loan for a Deleted Mortgage Loan, an aggregate Principal Balance), not in excess of the Principal Balance of the Deleted Mortgage Loan; (ii) have a Mortgage Rate not less than the Mortgage Rate of the Deleted Mortgage Loan and not more than 1% in excess of the Mortgage Rate of such Deleted Mortgage Loan; (iii) in the case of any Adjustable-Rate Mortgage Loan, have a Maximum Mortgage Rate and Minimum Mortgage Rate not less than the respective rate for the Deleted Mortgage Loan, have a Gross Margin equal to or greater than the Deleted Mortgage Loan and have a next Adjustment Date not more than two months later than the next Adjustment Date on the Deleted Mortgage Loan, (iv) have a remaining term to maturity not greater than (and not more than one year less than) that of the Deleted Mortgage Loan; (v) have the same Due Date as the Due Date on the Deleted Mortgage Loan; (vi) have a Loan-to-Value Ratio as of the date of substitution equal to or lower than the Loan-to-Value Ratio of the Deleted Mortgage Loan as of such date; (vii) have a risk grading determined by the Seller at least equal to the risk grading assigned on the Deleted Mortgage Loan, (viii) have been underwritten or reunderwritten by the Seller or an affiliate of the Seller in accordance with the same underwriting criteria and guidelines as the Deleted Mortgage Loan, (ix) have a Prepayment Charge provision at least equal to the Prepayment Charge provision of the Deleted Mortgage Loan, (x) not be more than 59 or more days delinquent or any additional days delinquent than the Deleted Mortgage Loan, (xi) comply with each representation and warranty as to the Mortgage Loans set forth in the Mortgage Loan Purchase Agreement (deemed to be made as of the date of substitution) and (xii) with respect to Qualified Substituted Mortgage Loans substituted for Deleted Mortgage Loans that are Group I Mortgage Loans, have an original Principal Balance that conforms to Fannie Mae loan limits as of the date of its origination and be otherwise acceptable to Fannie Mae.

The Seller will make certain representations and warranties as of the Closing Date as to the accuracy in all material respects of certain information furnished to the Trustee with respect to each Mortgage Loan (e.g., the Principal Balance and the Mortgage Rate). In addition, the Seller will represent and warrant, among other things that at the time of transfer to the Depositor: (i) the Seller has transferred or assigned all of its right, title and interest in each Mortgage Loan and the related documents, free of any lien; (ii) each Mortgage Loan complied, at the time of origination, in all material respects with applicable local, state and/or federal laws; (iii) the Mortgage Loans are not subject to the requirements of the Homeownership Act and no Mortgage Loan is subject to, or in violation of, any applicable state or local law, ordinance or regulation similar to the Homeownership Act; (iv) no proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan; (v) the Master Servicer for such Mortgage Loan has accurately and fully reported and will continue to accurately and fully report its mortgagor credit files to each of the credit repositories in a timely manner; (vi) no Mortgage Loan originated before October 1, 2002 has a prepayment charge term longer than five years after its date of origination and no Mortgage Loan originated on or after October 1, 2002 has a

prepayment charge term longer than three years after its date of origination; and (vii) no Mortgage Loan originated from and including October 1, 2002 to and including March 6, 2003, is secured by property located in the State of Georgia. Upon discovery of a breach of any such representation and warranty which materially and adversely affects the interests of the Certificateholders or Fannie Mae in the related Mortgage Loan and related documents, the Seller will have a period of 90 days after the earlier of discovery or receipt of written notice of the breach to effect a cure. If the breach cannot be cured within the 90 day period, the Seller will be obligated to repurchase or replace the affected Mortgage Loan in the manner described in the prospectus, the Pooling and Servicing Agreement and the Mortgage Loan Purchase Agreement. The same procedure and limitations that are set forth above for the substitution or repurchase of Deleted Mortgage Loans as a result of deficient documentation relating thereto will apply to the substitution or repurchase of a Deleted Mortgage Loan as a result of a breach of a representation or warranty in the Mortgage Loan Purchase Agreement that materially and adversely affects the interests of the Certificateholders.

Mortgage Loans required to be transferred to the Seller as described in the preceding paragraph are referred to as “Deleted Mortgage Loans.”

Payments on Mortgage Loans; Deposits to Collection Account and Distribution Account

The Master Servicer will establish and maintain or cause to be maintained one or more separate trust accounts (each, a “Collection Account”) for the benefit of the Certificateholders. Each Collection Account will be an Eligible Account (as defined in the Pooling and Servicing Agreement). Upon receipt by the Master Servicer of amounts in respect of the Mortgage Loans (excluding amounts representing the Servicing Fee or other servicing compensation, reimbursement for Advances and Servicing Advances and insurance proceeds to be applied to the restoration or repair of a Mortgaged Property or similar items), the Master Servicer will deposit such amounts in the Collection Account. Amounts so deposited may be invested in Permitted Investments (as defined in the Pooling and Servicing Agreement) maturing no later than one Business Day prior to the date on which the amount on deposit therein is required to be deposited in the Distribution Account. The Trustee will establish an account (the “Distribution Account”) into which will be deposited amounts withdrawn from the Collection Account for distribution to Certificateholders on a Distribution Date and payment of certain fees and expenses of the Trust. The Distribution Account will be an Eligible Account. Amounts on deposit therein may be invested in Permitted Investments maturing on or before the Business Day prior to the related Distribution Date unless such Permitted Investments are invested in investments managed or advised by the Trustee or an affiliate thereof, in which case such Permitted Investments may mature on the related Distribution Date.

The Seller

Amerquest Mortgage Company provided the information set forth in the following paragraphs. None of the Depositor, the Trustee, the Originators, the Underwriters, Fannie Mae, the Master Servicer, or any of their respective affiliates have made or will make any representation as to the accuracy or completeness of such information.

Amerquest Mortgage Company (sometimes referred to herein as “Amerquest” or the “Seller”), a Delaware corporation, is a specialty finance company engaged in the business of originating, purchasing and selling retail and wholesale sub-prime mortgage loans secured by one- to four-family residences. Amerquest’s mortgage business was begun in 1979 as a savings and loan association and later as a federal savings bank. In 1994 Amerquest ceased depository operations to focus entirely on its mortgage banking business. In May 1997, Amerquest sold its wholesale operations and reorganized its retail lending and servicing operations under the name of “Amerquest Mortgage Company” (the “Reorganization”). In January of 2000, Amerquest recommenced wholesale lending as a separate division (a.k.a. Argent Mortgage Company, LLC) while continuing its retail and servicing operations. As of January 1, 2003, the wholesale lending division of Amerquest reorganized its business as a wholly owned subsidiary of Amerquest under the name of Argent Mortgage Company, LLC. Approximately 99.97% and approximately 0.03% of the Mortgage Loans, by aggregate scheduled principal balance as of the Cut-off Date, were originated by the Seller’s wholesale lending affiliates, Argent Mortgage Company, LLC and Olympus Mortgage Company, respectively, in each case by aggregate scheduled principal balance as of the Cut-off Date. Argent Mortgage Company, L.L.C. is currently an affiliate of Amerquest but is no longer a subsidiary of

Ameriquest. Effective as of the close of business on December 31, 2004, as part of an internal restructuring, all assets and liabilities of Olympus were transferred to Argent Mortgage Company, L.L.C. At the same time the loan servicing division of Ameriquest was transferred to an affiliate, AMC Mortgage Services, Inc. (formerly known as Bedford Home Loans, Inc.). Currently, AMC Mortgage Services, Inc. acts as a sub-servicer for Ameriquest and originates retail loans.

Lending Activities and Loan Sales. Ameriquest Mortgage Company currently originates real estate loans through its network of retail branches and purchases retail and wholesale sub-prime mortgage loans from its three affiliates, Argent Mortgage Company, L.L.C. (wholesale), Town & Country Credit Corp. (retail) and AMC Mortgage Services, Inc. (retail). Ameriquest also participates in secondary market activities by originating and selling mortgage loans while continuing to service the majority of the loans sold. In other cases Ameriquest's whole loan sale agreements provide for the transfer of servicing rights.

Ameriquest's primary lending activity is funding loans to enable mortgagors to purchase or refinance residential real property, which loans are secured by first or second liens on the related real property. Ameriquest's single-family real estate loans are predominantly "conventional" mortgage loans, meaning that they are not insured by the Federal Housing Administration or partially guaranteed by the U.S. Department of Veterans Affairs.

Wholesale Originations. The following table summarizes Ameriquest's wholesale originated one- to four-family residential mortgage loan origination and whole loan sales and securitization activity for the periods shown below. Sales activity may include sales of mortgage loans purchased by Ameriquest from other loan originators.

Wholesale Originations

	Year Ended December 31,			Three Months Ending March 31,
	2002	2003	2004	2005
	(Dollars in Thousands)			
Originations	\$4,832,951	\$21,140,156	\$47,319,352	\$13,407,246
Whole Loan Sales				
And Securitizations	\$3,917,432	\$16,461,828	\$45,864,688	\$5,748,314

The Master Servicer

The information set forth in the following paragraphs has been provided by Countrywide Home Loans Servicing LP. None of the Depositor, the Trustee, the Originators, the Seller, the Underwriters or any of their affiliates has made or will make any representation as to the accuracy or completeness of such information.

The principal executive offices of Countrywide Home Loans Servicing LP ("Countrywide Servicing") are located at 7105 Corporate Drive, Plano, Texas 75024. Countrywide Servicing is a Texas limited partnership directly owned by Countrywide GP, Inc. and Countrywide LP, Inc., each a Nevada corporation and a direct wholly owned subsidiary of Countrywide Home Loans, Inc., a New York corporation ("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 CWABS, Inc. 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 March 31, 2005, Countrywide Servicing had a net worth of approximately \$13.2 billion.

In its capacity as Master Servicer, Countrywide Servicing will be responsible for servicing the Mortgage Loans in accordance with the terms set forth in the Pooling and Servicing Agreement. Countrywide Servicing may perform any of its obligations under the Pooling and Servicing Agreement through one or more subservicers. Notwithstanding any subservicing arrangement, Countrywide Servicing will remain liable for its servicing duties and obligations under the Pooling and Servicing Agreement as if Countrywide Servicing alone were servicing the Mortgage Loans.

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 offering memorandum to “Countrywide Home Loans” should be read to include Countrywide Home Loans and its consolidated subsidiaries, including Countrywide Servicing.

Countrywide Home Loans services substantially all of the mortgage loans it originates or acquires. In addition, Countrywide Home Loans has purchased in bulk the rights to service mortgage loans originated by other lenders. Countrywide Home Loans has in the past and may in the future sell to other mortgage bankers a portion of its portfolio of loan servicing rights. As of March 31, 2005, Countrywide Home Loans provided servicing for mortgage loans with an aggregate principal balance of approximately \$893.405 billion, substantially all of which are being serviced for unaffiliated persons.

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

Sub-Prime Mortgage Loans. When a mortgagor fails to make a payment on a sub-prime 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 sub-prime servicing procedures, 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 sub-prime 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

Sub-Prime Quality Mortgage Loans. The following table summarizes the delinquency and foreclosure experience, respectively, on the dates indicated, of sub-prime mortgage loans serviced by Countrywide Home Loans. A sub-prime 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.

Delinquency and Foreclosure Experience				
	As of December 31, 2002		As of December 31, 2003	
	Principal Balance	Percentage	Principal Balance	Percentage
Total Portfolio	\$ 23,376,785,559	100.00%	\$ 37,331,744,428	100.00%
Delinquency Percentage				
30-59 Days	\$ 1,698,025,366	7.26%	\$ 2,321,525,725	6.22%
60-89 Days	\$ 603,338,252	2.58%	\$ 721,702,761	1.93%
90+ Days	\$ 331,724,070	1.42%	\$ 252,964,195	0.68%
Sub-Total	\$ 2,633,087,689	11.26%	\$ 3,296,192,681	8.83%
Foreclosure Rate	\$ 710,578,271	3.04%	\$ 765,232,333	2.05%
Bankruptcy Rate	\$ 700,006,578	2.99%	\$ 723,728,241	1.94%

Delinquency and Foreclosure Experience				
	As of December 31, 2004		As of March 31, 2005	
	Principal Balance	Percentage	Principal Balance	Percentage
Total Portfolio	\$ 91,001,908,561	100.00%	\$ 100,169,047,466	100.00%
Delinquency Percentage				
30-59 Days	\$ 5,810,905,853	6.39%	\$ 5,443,961,958	5.43%
60-89 Days	\$ 1,842,655,057	2.02%	\$ 1,688,468,882	1.69%
90+ Days	\$ 722,265,203	0.79%	\$ 771,103,289	0.77%
Sub-Total	\$ 8,375,826,114	9.20%	\$ 7,903,534,129	7.89%
Foreclosure Rate	\$ 1,403,094,666	1.54%	\$ 1,709,016,995	1.71%
Bankruptcy Rate	\$ 864,476,076	0.95%	\$ 968,513,435	0.97%

Historically, a variety of factors, including the appreciation of real estate values, have limited the loss and delinquency experience on sub-prime 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.

The Trustee

Wells Fargo Bank, N.A., a national banking association, will act as Trustee for the Certificates pursuant to the Pooling and Servicing Agreement. The Trustee will perform certain administrative functions with respect to the Certificates and will act as initial paying agent and certificate registrar. The Trustee, in performing its duties under the Pooling and Servicing Agreement, will act on behalf of the Trust in connection with any third-party contracts.

The principal compensation to be paid to the Trustee in respect of its obligations under the Pooling and Servicing Agreement will be equal to any interest or other income earned on funds held in the distribution account as provided in the Pooling and Servicing Agreement.

The Pooling and Servicing Agreement will provide that the Trustee and any director, officer, employee or agent of the Trustee will be indemnified by the Trust and will be held harmless against any loss, liability or expense (not including expenses, disbursements and advances incurred or made by the Trustee, including the compensation and the expenses and disbursements of its agents and counsel, in the ordinary course of the Trustee's performance in accordance with the provisions of the Pooling and Servicing Agreement) incurred by the Trustee in connection with the acceptance or administration of its obligations and duties under the Pooling and Servicing Agreement, other than any loss, liability or expense (i) resulting from a breach of the Master Servicer's obligations and duties under the Pooling and Servicing Agreement (for which the Trustee has received indemnity from the Master Servicer), (ii) that constitutes a specific liability of the Trustee under the Pooling and Servicing Agreement or (iii) incurred by reason of willful misfeasance, bad faith or negligence in the performance of the Trustee's duties under the Pooling and Servicing Agreement or as a result of a breach, or by reason of reckless disregard, of the Trustee's obligations and duties under the Pooling and Servicing Agreement. In addition, the Pooling and Servicing Agreement will provide that the Trustee and any director, officer, employee or agent of the Trustee will be reimbursed from the Trust for all costs associated with the transfer of servicing in the event of a Master Servicer Event of Default (as defined in the Pooling and Servicing Agreement).

Servicing and Other Compensation and Payment of Expenses

The principal compensation to be paid to the Master Servicer in respect of its servicing activities for the Certificates will be equal to accrued interest at the Servicing Fee Rate of 0.50% per annum with respect to each Mortgage Loan for each calendar month on the same principal balance on which interest on such Mortgage Loan accrues for such calendar month (the "Servicing Fee"). As additional servicing compensation, the Master Servicer is entitled to retain all ancillary income, including late charges, NSF fees, reconveyance, assumption and similar fees (with the exception of prepayment charges, which will be distributed to the holders of the Class P Certificates) to the extent collected from mortgagors, together with any interest or other income earned on funds held in the collection account and any escrow accounts. In addition, the Master Servicer will be entitled to prepayment interest excess as provided for in the Pooling and Servicing Agreement.

The Master Servicer is obligated to offset any Prepayment Interest Shortfall on any Distribution Date to the extent of its aggregate Servicing Fee (such amount is referred to herein as "Compensating Interest"). The Master Servicer is obligated to pay certain insurance premiums and certain ongoing expenses associated with the mortgage pool and incurred by the Master Servicer in connection with its responsibilities under the Pooling and Servicing Agreement and is entitled to reimbursement therefor as provided in the Pooling and Servicing Agreement. See "Description of the Securities—Retained Interest; Servicing or Administration Compensation and Payment of Expenses" in the prospectus for information regarding expenses payable by the Master Servicer and "Federal Income Tax Consequences" herein regarding certain taxes payable by the Master Servicer.

Events of Default

The Master Servicer may be removed as Master Servicer of the Mortgage Loans upon the occurrence of certain events in accordance with the terms of the Pooling and Servicing Agreement.

Any successor to the Master Servicer appointed under the Pooling and Servicing Agreement must be a residential mortgage loan servicing institution acceptable to each Rating Agency (as defined in the prospectus) with a net worth at the time of such appointment of at least \$15,000,000. Ameriquest Mortgage Company will initially act as successor Master Servicer. See “Description of the Securities—Events of Default under the Governing Agreement and Rights Upon Events of Default” in the prospectus.

Voting Rights

At all times, 98% of all voting rights will be allocated among the holders of the Class A, Mezzanine and Class CE Certificates in proportion to the then outstanding Certificate Principal Balances of their respective Certificates, 1% of all voting rights will be allocated among the holders of the Class P Certificates and 1% of all voting rights will be allocated among the holders of the Residual Certificates in proportion to the percentage interests in such classes evidenced by their respective Certificates.

Termination

The circumstances under which the obligations created by the Pooling and Servicing Agreement will terminate in respect of the Certificates are described in “Description of the Securities—Termination of the Trust Fund and Disposition of Trust Fund Assets” in the prospectus. If the Master Servicer fails to exercise such option, the NIMS Insurer, if any, will have the right to purchase all remaining Mortgage Loans and any properties acquired in respect thereof and thereby effect early retirement of the Certificates on any Distribution Date following the Due Period during which the aggregate principal balance of the Mortgage Loans (and properties acquired in respect thereof) remaining in the Trust at the time of purchase is reduced to an amount less than 10% of the aggregate principal balance of the Mortgage Loans as of the Cut-off Date (such date, the “Optional Termination Date”); provided that the consent of Fannie Mae will be required if such optional termination will cause a draw on the Fannie Mae Guaranty (as defined herein) or if any Guarantor Reimbursement Amount owed to Fannie Mae will not be fully reimbursed after the termination. In the event the holders of the Class CE Certificates, the Master Servicer or the NIMS Insurer, if any, exercise such option, the purchase price payable in connection therewith generally will be equal to the fair market value of the Mortgage Loans and such properties, plus accrued interest for each Mortgage Loan at the related Mortgage Rate to but not including the first day of the month in which such repurchase price is distributed, together with any amounts due to the Master Servicer for servicing compensation at the Servicing Fee Rate and any unreimbursed Advances and servicing advances. However, this option may be exercised only if (i) the fair market value of the Mortgage Loans and REO Properties is at least equal to the aggregate principal balance of the Mortgage Loans and the appraised value of the REO Properties and (ii) the termination price is sufficient to pay (x) all interest accrued on, as well as amounts necessary to retire the principal balance of, the notes guaranteed by the NIMS Insurer and any amounts owed to the NIMS Insurer and (y) any Net Swap Payment or Swap Termination Payment owed to the Swap Provider, at the time the option is exercised. Proceeds from such repurchase will be included in Available Funds and will be distributed to the holders of the Certificates in accordance with the Pooling and Servicing Agreement.

In the event such option is exercised, the portion of the purchase price allocable to the Class A and Mezzanine Certificates of each class will be, to the extent of available funds:

- (i) 100% of the then outstanding Certificate Principal Balance of the Class A and Mezzanine Certificates, plus
- (ii) one month’s interest on the then outstanding Certificate Principal Balance thereof at the then applicable Pass-Through Rate for such class, plus

- (iii) any previously accrued but undistributed interest thereon to which the holders of such Certificates are entitled, together with the amount of any Net WAC Rate Carryover Amounts (payable to and from the Net WAC Rate Carryover Reserve Account or the Swap Account); plus
- (iv) in the case of the Mezzanine Certificates, any previously undistributed Allocated Realized Loss Amount.

The holders of the Residual Certificates will pledge any amount received by such holders in a termination in excess of par to the holders of the Class CE Certificates. In no event will the Trust created by the Pooling and Servicing Agreement continue beyond the expiration of 21 years from the death of the survivor of the persons named in the Pooling and Servicing Agreement. See “Description of the Securities—Termination of the Trust Fund and Disposition of Trust Fund Assets” in the prospectus.

Servicing of Delinquent Mortgage Loans

The Master Servicer will be required to act with respect to delinquent Mortgage Loans in accordance with procedures set forth in the Pooling and Servicing Agreement. These procedures, as followed with respect to any delinquent Mortgage Loan, may, among other things, result in (i) foreclosing on such Mortgage Loan, (ii) accepting the deed to the related mortgaged property in lieu of foreclosure, (iii) granting the borrower under such Mortgage Loan a modification or forbearance or (iv) accepting payment from the borrower under such Mortgage Loan of an amount less than the principal balance of such Mortgage Loan in final satisfaction of such Mortgage Loan. **However, following these procedures may not lead to the alternative that would result in the recovery by the Trust of the highest net present value of proceeds on such Mortgage Loan or otherwise to the alternative that is in the best interests of the certificateholders.**

Optional Purchase of Delinquent Mortgage Loans

As to any Mortgage Loan which is delinquent in payment by 90 days or more, Fannie Mae (with respect to the Group I Mortgage Loans) or the NIMS Insurer, if any, may, at its option and in accordance with the terms of the Pooling and Servicing Agreement, purchase such Mortgage Loan from the Trust at a purchase price for such Mortgage Loan generally equal to par plus accrued interest. In addition, the Master Servicer will have the option to purchase from the Trust Mortgage Loans that are delinquent in payment 90 days or more at a purchase price for such Mortgage Loan generally equal to par plus accrued interest, under certain circumstances set forth in the Pooling and Servicing Agreement and, with respect to each such delinquent Mortgage Loan, during certain prescribed time periods relating to the length of time such Mortgage Loan has been delinquent, in each case as set forth in the Pooling and Servicing Agreement.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

IRS Circular 230 Notice

To ensure compliance with Internal Revenue Service Circular 230, taxpayers are hereby notified that: (A) any discussion of U.S. federal tax issues in this information circular is not intended or written by us to be relied upon, and cannot be relied upon by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Internal Revenue Code; (B) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (C) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

General

The following is a general discussion of the anticipated material federal income tax consequences of the purchase, ownership and disposition of the Offered Certificates. This discussion has been prepared with the advice of Thacher Proffitt & Wood LLP, counsel to the Depositor. This discussion is directed solely to Certificateholders that hold the Offered Certificates as capital assets within the meaning of Section 1221 of the Code and does not purport to discuss all federal income tax consequences that may be applicable to particular categories of investors,

some of which (such as banks, insurance companies and foreign investors) may be subject to special rules. Further, the authorities on which this discussion, and the opinion referred to below, are based are subject to change or differing interpretations, which could apply retroactively. Taxpayers and preparers of tax returns (including those filed by any real estate mortgage investment conduit or other issuer) should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. Accordingly, taxpayers should consult their own tax advisors and tax return preparers regarding the preparation of any item on a tax return, even where the anticipated tax treatment has been discussed herein. In addition to the federal income tax consequences described herein, potential investors should consider the state and local tax consequences, if any, of the purchase, ownership and disposition of the Offered Certificates. See “State and Other Tax Consequences” herein. Certificateholders are advised to consult their own tax advisors concerning the federal, state, local or other tax consequences to them of the purchase, ownership and disposition of the Offered Certificates offered hereunder. “Certificateholder” and “Holder” are defined as the beneficial owner of an Offered Certificate.

The following discussion is based in part upon the rules governing original issue discount that are set forth in Sections 1271-1273 and 1275 of the Code and in the Treasury regulations issued thereunder (the “OID Regulations”), and in part upon Sections 860A-860G of the Code (the “REMIC Provisions”) and the Treasury regulations issued thereunder (the “REMIC Regulations”). The OID Regulations do not adequately address certain issues relevant to, and in some instances provide that they are not applicable to, securities such as the Certificates.

Classification of the REMICs

Upon the issuance of the Certificates, Thacher Proffitt & Wood LLP, counsel to the Depositor, will deliver its opinion generally to the effect that, assuming compliance with all provisions of the Pooling and Servicing Agreement, each of the designated portions of the Trust (exclusive of the Net WAC Rate Carryover Reserve Account, the Swap Account and the Interest Rate Swap Account) to be elected to be treated as a “REMIC” will each qualify as a real estate mortgage investment conduit (“REMIC”) under the Code. For federal income tax purposes, (a) the separate certificated or non-certificated regular interests in each REMIC will be the “regular interests” in such REMIC, (b) the Class R Certificates (or a “residual interest” represented thereby) will represent the sole class of “residual interests” in each REMIC and (c) the Class A Certificates (exclusive of the right of the holders of the Class A Certificates to receive payments from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account), the Class CE Certificates and the Class P Certificates will evidence the “regular interests” in a REMIC and will be generally treated as representing ownership of debt instruments of such REMIC.

If an entity electing to be treated as a REMIC, such as the Trust, fails to comply with one or more of the ongoing requirements of the Code for such status during any taxable year, the Code provides that the entity will not be treated as a REMIC for such year and thereafter. In that event, such entity may be taxable as a corporation under Treasury regulations, and the related REMIC Certificates may not be accorded the status or given the tax treatment described below. Although the Code authorizes the Treasury Department to issue regulations providing relief in the event of an inadvertent termination of REMIC status, no such regulations have been issued. Any such relief, moreover, may be accompanied by sanctions, such as the imposition of a corporate tax on all or a portion of the Trust’s income for the period in which the requirements for such status are not satisfied. The Pooling and Servicing Agreement will include provisions with respect to the Trust designed to maintain the Trust’s status as a REMIC under the REMIC Provisions. It is not anticipated that the status of the Trust as a REMIC will be inadvertently terminated.

Characterization of Investments in REMIC Certificates

With respect to the Offered Certificates, the following paragraph is relevant to such Certificates exclusive of the respective rights of the holders of such Certificates to receive certain payments outside the related REMIC from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account.

The REMIC regular interest component of the Offered Certificates will be treated as assets described in Section 7701(a)(19)(C) of the Code and “real estate assets” under Section 856(c)(5)(B) of the Code, generally, in the same proportion that the assets of the Trust, exclusive of the assets not included in any REMIC, would be so treated. In addition, interest on the REMIC regular interest component of each of the Offered Certificates will be treated as interest on obligations secured by interests in real property for purposes of Section 856(c)(3) of the Code generally to the extent that the REMIC regular interest component of the Offered Certificates are treated as “real estate assets” under Section 856(c)(5)(B) of the Code, subject to the same limitation in the preceding sentence. The Notional Principal Contract component of each Offered Certificate will not qualify, however, as an asset described in Section 7701(a)(19)(C) of the Code, as a real estate asset under Section 856(c)(B) of the Code or as a “qualified mortgage” within the meaning of Section 860G(a)(3) of the Code. As a result, the Offered Certificates generally may not be a suitable investment for a REMIC, a real estate investment trust or an entity intending to qualify under Section 7701(a)(19)(C) of the Code.

Because the Net WAC Rate Carryover Amount is treated as a separate right of the Offered Certificates not payable by any REMIC elected by the Trust, such rights will not be treated as qualifying assets for any Certificateholder that is a mutual savings bank, domestic building and loan association, real estate investment trust, or REMIC. In addition, any amounts received from the Net WAC Rate Carryover Reserve Account and the Swap Account will not be qualifying real estate income for real estate investment trusts or qualifying income for REMICs.

Taxation of Owners of Offered Certificates

Each holder of an Offered Certificate is deemed to own an undivided beneficial ownership interest in a REMIC regular interest and the right to receive payments from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the related Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account. The Net WAC Rate Carryover Reserve Account, the Swap Agreement and the Swap Account are not assets of any REMIC. The REMIC regular interest corresponding to an Offered Certificate will be entitled to receive interest and principal payments at the times and in the amounts equal to those made on the certificate to which it corresponds, except that (i) the maximum interest rate of that REMIC regular interest will equal the Net WAC Rate Cap computed for this purpose by limiting the Notional Amount of the Interest Rate Swap Agreement to the aggregate principal balance of the Mortgage Loans and (ii) any Swap Termination Payment will be treated as being payable solely from the Net Monthly Excess Cashflow. As a result of the foregoing, the amount of distributions on the REMIC regular interest corresponding to an Offered Certificate may exceed the actual amount of distributions on the Offered Certificate.

The treatment of amounts received by a holder of an Offered Certificate under such Certificateholder’s right to receive the Net WAC Rate Carryover Amount will depend on the portion, if any, of such Certificateholder’s purchase price allocable thereto. Under the REMIC Regulations, each holder of an Offered Certificate must allocate its purchase price for such Certificate among its undivided interest in the regular interest of the related REMIC and its undivided interest in the right to receive payments from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the Net WAC Rate Carryover Amount in accordance with the relative fair market values of each property right. The Trustee will, as required, treat payments made to the holders of the Offered Certificates with respect to the Net WAC Rate Carryover Amount as includible in income based on the regulations relating to notional principal contracts (the “Notional Principal Contract Regulations”). The OID Regulations provide that the Trust’s allocation of the issue price is binding on all holders unless the holder explicitly discloses on its tax return that its allocation is different from the Trust’s allocation. For tax reporting purposes, the Trustee may, as required, treat the right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of Net WAC Rate Carryover Amounts with respect to the Offered Certificates as having more than a *de minimis* value. Under the REMIC Regulations, the Trustee is required to account for the REMIC regular interest and the right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of the related Net WAC Rate Carryover Amount as discrete property rights. Holders of the Offered Certificates are advised to consult their own tax advisors regarding the allocation of issue price, timing, character and source of income and deductions resulting from the ownership of the Offered Certificates. Treasury regulations have been promulgated under Section 1275 of the Code generally providing for the integration of a “qualifying debt instrument” with a hedge if the combined cash flows of the components are substantially equivalent to the cash flows on a variable rate debt instrument. However, such regulations specifically disallow integration of debt instruments subject to Section 1272(a)(6) of the Code. Therefore, holders of the Offered Certificates will be unable

to use the integration method provided for under such regulations with respect to such Offered Certificates. If the Trustee's treatment of payments of the Net WAC Rate Carryover Amount is respected, ownership of the right to the Net WAC Rate Carryover Amount will entitle the owner to amortize the separate price paid for the right to the related Net WAC Rate Carryover Amount under the Notional Principal Contract Regulations.

Any payments made to a beneficial owner of an Offered Certificate in excess of the amounts payable on the corresponding REMIC regular interest will be treated as having been received as a payment on a notional principal contract. To the extent the sum of such periodic payments for any year exceeds that year's amortized cost of any Net WAC Rate Carryover Amounts, such excess represents net income for that year. Conversely, to the extent that the amount of that year's amortized cost exceeds the sum of the periodic payments, such excess shall represent a net deduction for that year. In addition, any amounts payable on such REMIC regular interest in excess of the amount of payments on the Offered Certificate to which it relates will be treated as having been received by the beneficial owners of such Certificates and then paid by such owners to the Swap Account pursuant to the Swap Administration Agreement, and such excess should be treated as a periodic payment on a notional principal contract that is made by the beneficial owner during the applicable taxable year and that is taken into account in determining the beneficial owner's net income or net deduction with respect to any Net WAC Rate Carryover Amounts for such taxable year. Although not clear, net income or a net deduction with respect to the Net WAC Rate Carryover Amount should be treated as ordinary income or as an ordinary deduction. Holders of the Offered Certificates are advised to consult their own tax advisors regarding the tax characterization and timing issues relating to a Swap Termination Payment.

Because a beneficial owner of any Net WAC Rate Carryover Amounts will be required to include in income the amount deemed to have been paid by such owner, but may not be able to deduct that amount from income, a beneficial owner of an Offered Certificate may have income that exceeds cash distributions on the Offered Certificate, in any period and over the term of the Offered Certificate. As a result, the Offered Certificates may not be a suitable investment for any taxpayer whose net deduction with respect to any Net WAC Rate Carryover Amounts would be subject to the limitations described above.

It is possible that the right to receive payments in respect of the Net WAC Rate Carryover Amounts could be treated as a partnership among the holders of all of the Certificates, in which case holders of such Certificates potentially would be subject to different timing of income and foreign holders of such Certificates could be subject to withholding in respect of any related Net WAC Rate Carryover Amount. Holders of the Offered Certificates are advised to consult their own tax advisors regarding the allocation of issue price, timing, character and source of income and deductions resulting from the ownership of their Certificates.

References in the following section to the Offered Certificates with respect to the Offered Certificates refer to those Certificates exclusive of the right of the respective holders of such Certificates to receive payments from outside the related REMIC from the Net WAC Rate Carryover Reserve Account or the Swap Account in respect of the Net WAC Rate Carryover Amount or the obligation to make payments to the Swap Account.

General. Except as otherwise stated in this discussion, the Offered Certificates (other than the right of the holders of the Offered Certificates to receive the related Net WAC Rate Carryover Amounts) will be treated for federal income tax purposes as debt instruments issued by a REMIC, not as ownership interests in the related REMIC or the assets of any REMIC. Moreover, holders of Offered Certificates that otherwise report income including stated interest under a cash method of accounting will be required to report income with respect to the Offered Certificates under an accrual method.

Original Issue Discount. For federal income tax reporting purposes, the Offered Certificates will not be treated as having been issued with original issue discount.

Any holders of Certificates issued with original issue discount generally will be required to include original issue discount in income as it accrues, in accordance with the method described below, in advance of the receipt of the cash attributable to such income. In addition, Section 1272(a)(6) of the Code provides special rules applicable to any Certificates issued with original issue discount. Regulations have not been issued under that section.

Section 1272(a)(6) of the Code requires that a prepayment assumption be used with respect to the collateral underlying debt instruments in computing the accrual of original issue discount if payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments, and that adjustments be made in the amount and rate of accrual of such discount to reflect differences between the actual prepayment rate and such prepayment assumption. Such prepayment assumption is to be determined in a manner prescribed in Treasury regulations; however, as noted above, those regulations have not been issued. The Conference Committee Report (the "Committee Report") of the Tax Reform Act of 1986 indicates that the regulations will provide that the prepayment assumption used with respect to a Certificate for federal income tax purposes must be the same as that used in pricing the initial offering of such Certificate. The prepayment assumption that will be used in determining the rate of accrual of market discount, if any, for federal income tax purposes (the "Tax Prepayment Assumption") will be the Prepayment Assumption. No representation is made that the Mortgage Loans will prepay at such rate or at any other rate.

The original issue discount, if any, on an Offered Certificate will be the excess of its stated redemption price at maturity over its issue price. The issue price of a particular class of Offered Certificates will be the first cash price at which a substantial amount of Offered Certificates of that class is sold (excluding sales to bond houses, brokers and underwriters). If less than a substantial amount of a particular class of Offered Certificates is sold for cash on or prior to the date of their initial issuance Closing Date, the issue price for such class will be the fair market value of such class on the Closing Date. Under the OID Regulations, the stated redemption price of a Certificate is equal to the total of all payments to be made on such Certificate other than "qualified stated interest." "Qualified stated interest" is interest that is unconditionally payable at least annually (during the entire term of the instrument) at a single fixed rate, or at a "qualified floating rate," an "objective rate," a combination of a single fixed rate and one or more "qualified floating rates" or one "qualified inverse floating rate," or a combination of "qualified floating rates" that does not operate in a manner that accelerates or defers interest payments on such REMIC Regular Certificate.

Notwithstanding the general definition of original issue discount, original issue discount on an Offered Certificate will be considered to be *de minimis* if it is less than 0.25% of the stated redemption price of the Offered Certificate multiplied by its weighted average life. For this purpose, the weighted average life of the Offered Certificate is computed as the sum of the amounts determined, as to each payment included in the stated redemption price of such Offered Certificate, by multiplying (i) the number of complete years (rounding down for partial years) from the issue date until such payment is expected to be made (presumably taking into account the Tax Prepayment Assumption) by (ii) a fraction, the numerator of which is the amount of the payment, and the denominator of which is the stated redemption price at maturity of such Offered Certificate. Under the OID Regulations, original issue discount of only a *de minimis* amount will be included in income as each payment of stated principal is made, based on the product of the total amount of such *de minimis* original issue discount and a fraction, the numerator of which is the amount of such principal payment and the denominator of which is the outstanding stated principal amount of the Offered Certificate. The OID Regulations also would permit a Certificateholder to elect to accrue *de minimis* original issue discount into income currently based on a constant yield method.

If original issue discount on an Offered Certificate is in excess of a *de minimis* amount, the holder of such Certificate must include in ordinary gross income the sum of the "daily portions" of original issue discount for each day during its taxable year on which it held such Offered Certificate, including the purchase date but excluding the disposition date. In the case of an original holder of an Offered Certificate, the daily portions of original issue discount will be determined as follows.

As to each Accrual Period, a calculation will be made of the portion of the original issue discount that accrued during such accrual period. The portion of original issue discount that accrues in any accrual period will equal the excess, if any, of (i) the sum of (A) the present value, as of the end of the accrual period, of all of the distributions remaining to be made on the Offered Certificate, if any, in future periods and (B) the distributions made on such Offered Certificate during the accrual period of amounts included in the stated redemption price, over (ii) the adjusted issue price of such Offered Certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence will be calculated (i) assuming that distributions on the Offered Certificate will be received in future periods based on the Mortgage Loans being prepaid at a rate equal to the Tax Prepayment Assumption, (ii) using a discount rate equal to the original yield to maturity of the Certificate and (iii) taking into account events (including actual prepayments) that have occurred before the close of the accrual

period. For these purposes, the original yield to maturity of the Certificate will be calculated based on its issue price and assuming that distributions on the Certificate will be made in all accrual periods based on the Mortgage Loans being prepaid at a rate equal to the Tax Prepayment Assumption. The adjusted issue price of an Offered Certificate at the beginning of any accrual period will equal the issue price of such Certificate, increased by the aggregate amount of original issue discount that accrued with respect to such Certificate in prior accrual periods, and reduced by the amount of any distributions made on such Offered Certificate in prior accrual periods of amounts included in the stated redemption price. The original issue discount accruing during any accrual period, computed as described above, will be allocated ratably to each day during the accrual period to determine the daily portion of original issue discount for such day.

A subsequent purchaser of an Offered Certificate that purchases such Certificate at a cost (excluding any portion of such cost attributable to accrued qualified stated interest) less than its remaining stated redemption price will also be required to include in gross income the daily portions of any original issue discount with respect to such Certificate. However, each such daily portion will be reduced, if such cost is in excess of its “adjusted issue price,” in proportion to the ratio such excess bears to the aggregate original issue discount remaining to be accrued on such Offered Certificate. The adjusted issue price of an Offered Certificate on any given day equals the sum of (i) the adjusted issue price (or, in the case of the first accrual period, the issue price) of such Certificate at the beginning of the accrual period which includes such day and (ii) the daily portions of original issue discount for all days during such accrual period prior to such day.

If the method for computing original issue discount described above results in a negative amount for any period with respect to a Certificateholder, the amount of original issue discount allocable to that period would be zero and the Certificateholder will be permitted to offset that negative amount only against future original issue discount, if any, attributable to those Certificates.

Market Discount. A Certificateholder that purchases an Offered Certificate at a market discount, that is, at a purchase price less than its remaining stated principal amount will recognize gain upon receipt of each distribution representing stated redemption price. In particular, under Section 1276 of the Code such a Certificateholder generally will be required to allocate the portion of each such distribution representing stated redemption price first to accrued market discount not previously included in income, and to recognize ordinary income to that extent. A Certificateholder may elect to include market discount in income currently as it accrues rather than including it on a deferred basis in accordance with the foregoing. If made, such election will apply to all market discount bonds acquired by such Certificateholder on or after the first day of the first taxable year to which such election applies. In addition, the OID Regulations permit a Certificateholder to elect to accrue all interest, discount (including *de minimis* market or original issue discount) in income as interest, and to amortize premium, based on a constant yield method. If such an election were made with respect to an Offered Certificate with market discount, the Certificateholder would be deemed to have made an election to include currently market discount in income with respect to all other debt instruments having market discount that such Certificateholder acquires during the taxable year of the election or thereafter, and possibly previously acquired instruments. Similarly, a Certificateholder that made this election for a Certificate that is acquired at a premium would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that such Certificateholder owns or acquires. See “—Taxation of Owners of Offered Certificates—Premium” below. Each of these elections to accrue interest, discount and premium with respect to a Certificate on a constant yield method or as interest may not be revoked without the consent of the IRS.

However, market discount with respect to an Offered Certificate will be considered to be *de minimis* for purposes of Section 1276 of the Code if such market discount is less than 0.25% of the remaining stated redemption price of such Offered Certificate multiplied by the number of complete years to maturity remaining after the date of its purchase. In interpreting a similar rule with respect to original issue discount on obligations payable in installments, the OID Regulations refer to the weighted average maturity of obligations, and it is likely that the same rule will be applied with respect to market discount, presumably taking into account the Tax Prepayment Assumption. If market discount is treated as *de minimis* under this rule, it appears that the actual discount would be treated as described in the first sentence of the preceding paragraph. Such treatment may result in discount being included in income at a slower rate than discount would be required to be included in income using the method described above.

Section 1276(b)(3) of the Code specifically authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments, the principal of which is payable in more than one installment. Until regulations are issued by the Treasury Department, certain rules described in the Committee Report apply. The Committee Report indicates that in each accrual period market discount on Offered Certificates should accrue, at the Certificateholder's option: (i) on the basis of a constant yield method, (ii) in the case of an Offered Certificate issued without original issue discount, in an amount that bears the same ratio to the total remaining market discount as the stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the Offered Certificate as of the beginning of the accrual period or (iii) in the case of an Offered Certificate issued with original issue discount, in an amount that bears the same ratio to the total remaining market discount as the original issue discount accrued in the accrual period bears to the total original issue discount remaining on the Offered Certificate at the beginning of the accrual period. Moreover, the Tax Prepayment Assumption is used in calculating the accrual of market discount. Because the regulations referred to in this paragraph have not been issued, it is not possible to predict what effect such regulations might have on the tax treatment of an Offered Certificate purchased at a discount in the secondary market.

To the extent that Offered Certificates provide for monthly or other periodic distributions throughout their term, the effect of these rules may be to require market discount to be includible in income at a rate that is not significantly slower than the rate at which such discount would accrue if it were original issue discount. Moreover, in any event a holder of an Offered Certificate generally will be required to treat a portion of any gain on the sale or exchange of such Certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income.

Further, under Section 1277 of the Code a holder of an Offered Certificate may be required to defer a portion of its interest deductions for the taxable year attributable to any indebtedness incurred or continued to purchase or carry an Offered Certificate purchased with market discount. For these purposes, the *de minimis* rule referred to above applies. Any such deferred interest expense would not exceed the market discount that accrues during such taxable year and is, in general, allowed as a deduction not later than the year in which such market discount is includible in income. If such holder elects to include market discount in income currently as it accrues on all market discount instruments acquired by such holder in that taxable year or thereafter, the interest deferral rule described above will not apply.

Premium. An Offered Certificate purchased at a cost (excluding any portion of such cost attributable to accrued qualified stated interest) greater than its remaining stated redemption price will be considered to be purchased at a premium. The holder of such an Offered Certificate may elect under Section 171 of the Code to amortize such premium under the constant yield method over the life of the Certificate. If made, such an election will apply to all debt instruments having amortizable bond premium that the holder owns or subsequently acquires. Amortizable premium will be treated as an offset to interest income on the related debt instrument, rather than as a separate interest deduction. The OID Regulations also permit Certificateholders to elect to include all interest, discount and premium in income based on a constant yield method, further treating the Certificateholder as having made the election to amortize premium generally. See “— Taxation of Owners of Offered Certificates—Market Discount” above. The Committee Report states that the same rules that apply to accrual of market discount (which rules will require use of a prepayment assumption for accruing market discount with respect to Offered Certificates without regard to whether such Certificates have original issue discount) will also apply in amortizing bond premium under Section 171 of the Code. It is possible that the use of an assumption that there will be no prepayments may be required in calculating the amortization of premium. Whether any holder of the Offered Certificates will be treated as holding a certificate with amortizable bond premium will depend on such Certificateholder's purchase price and the distributions remaining to be made on such Certificate at the time of its acquisition by such Certificateholder. Holders of such classes of Certificates should consult their tax advisors regarding the possibility of making an election to amortize such premium.

Sales of Offered Certificates

If an Offered Certificate is sold, the selling Certificateholder will recognize gain or loss equal to the difference between the amount realized on the sale and its adjusted basis in the Offered Certificate. The adjusted basis of an Offered Certificate generally will equal the cost of such Offered Certificate to such Certificateholder, increased by income reported by such Certificateholder with respect to such Offered Certificate (including market discount) and reduced (but not below zero) by distributions on such Offered Certificate received by such Certificateholder and by any amortized premium. Except as provided in the following four paragraphs, any such gain or loss will be capital gain or loss, provided such Offered Certificate is held as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the Code.

Gain from the sale of an Offered Certificate that might otherwise be capital gain will be treated as ordinary income to the extent such gain does not exceed the excess, if any, of (i) the amount that would have been includible in the seller's income with respect to such Offered Certificate assuming that income had accrued thereon at a rate equal to 110% of the "applicable Federal rate" (generally, a rate based on an average of current yields on Treasury securities having a maturity comparable to that of the Certificate based on the application of the Tax Prepayment Assumption to such Certificate, which rate is computed and published monthly by the IRS), determined as of the date of purchase of such Offered Certificate, over (ii) the amount of ordinary income actually includible in the seller's income prior to such sale. In addition, gain recognized on the sale of an Offered Certificate by a seller who purchased such Offered Certificate at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period such Offered Certificate was held by such holder, reduced by any market discount included in income under the rules described above under "—Taxation of Owners of Offered Certificates—Market Discount" and "—Premium."

Except as described below, the Offered Certificates will be "evidences of indebtedness" within the meaning of Section 582(c)(1) of the Code, so that gain or loss recognized from the sale of an Offered Certificate by a bank or thrift institution to which such section applies will be ordinary income or loss.

A portion of any gain from the sale of an Offered Certificate that might otherwise be capital gain may be treated as ordinary income to the extent that such Certificate is held as part of a "conversion transaction" within the meaning of Section 1258 of the Code. A conversion transaction generally is one in which the taxpayer has taken two or more positions in the same or similar property that reduce or eliminate market risk, if substantially all of the taxpayer's return is attributable to the time value of the taxpayer's net investment in such transaction. The amount of gain so realized in a conversion transaction that is recharacterized as ordinary income generally will not exceed the amount of interest that would have accrued on the taxpayer's net investment at 120% of the appropriate "applicable Federal rate" at the time the taxpayer enters into the conversion transaction, subject to appropriate reduction for prior inclusion of interest and other ordinary income items from the transaction.

Finally, a taxpayer may elect to have net capital gain taxed at ordinary income rates rather than capital gains rates in order to include such net capital gain in total net investment income for the taxable year, for purposes of the rule that limits the deduction of interest on indebtedness incurred to purchase or carry property held for investment to a taxpayer's net investment income.

Upon the sale of an Offered Certificate, the amount of the sale allocated to the selling Certificateholder's right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of the Net WAC Rate Carryover Amount would be considered a "termination payment" under the Notional Principal Contract Regulations allocable to the related Offered Certificate, as the case may be. A holder of an Offered Certificate will have gain or loss from such a termination of the right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of the Net WAC Rate Carryover Amount equal to (i) any termination payment it received or is deemed to have received minus (ii) the unamortized portion of any amount paid (or deemed paid) by the Certificateholder upon entering into or acquiring its interest in the right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of the Net WAC Rate Carryover Amount.

Gain or loss realized upon the termination of the right to receive payments from the Net WAC Rate Carryover Reserve Account and the Swap Account in respect of the Net WAC Rate Carryover Amount will generally be treated as capital gain or loss. Moreover, in the case of a bank or thrift institution, Code Section 582(c) would likely not apply to treat such gain or loss as ordinary.

Prohibited Transactions and Other Possible REMIC Taxes

The Code imposes a tax on REMICs equal to 100% of the net income derived from “prohibited transactions” (a “Prohibited Transactions Tax”). In general, subject to certain specified exceptions a prohibited transaction means the disposition of a Mortgage Loan, the receipt of income from a source other than a Mortgage Loan or certain other permitted investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on the Mortgage Loans for temporary investment pending distribution on the Offered Certificates. It is not anticipated that any REMIC created by the Pooling and Servicing Agreement will engage in any prohibited transaction in which it would recognize a material amount of net income.

In addition, certain contributions to a REMIC made after the day on which the REMIC issues all of its interests could result in the imposition of a tax on the REMIC equal to 100% of the value of the contributed property (a “Contributions Tax”). The Pooling and Servicing Agreement will include provisions designed to prevent the acceptance of any contributions that would be subject to such tax.

REMICs also are subject to federal income tax at the highest corporate rate on “net income from foreclosure property,” determined by reference to the rules applicable to real estate investment trusts. “Net income from foreclosure property” generally means gain from the sale of a foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust. It is not anticipated that any REMIC created by the Pooling and Servicing Agreement will recognize “net income from foreclosure property” subject to federal income tax.

To the extent permitted then applicable laws, any Prohibited Transactions Tax, Contributions Tax, tax on “net income from foreclosure property” or state or local income or franchise tax that may be imposed on any REMIC will be borne (i) by the Trustee, if the Trustee has breached its obligations with respect to REMIC compliance under the Pooling and Servicing Agreement, (ii) by the Master Servicer, if the Master Servicer has breached its obligations with respect to REMIC compliance under the Pooling and Servicing Agreement and (iii) otherwise by the Trust, with a resulting reduction in amounts otherwise distributable to holders of the Offered Certificates.

Termination

The Trust will terminate immediately after the Distribution Date following receipt by the Trust of the final payment in respect of the Mortgage Loans or upon a sale of the Trust’s assets following the adoption by the applicable REMICs of a plan of complete liquidation. The last distribution on an Offered Certificate will be treated as a payment in retirement of a debt instrument.

Reporting and Other Administrative Matters

Solely for purposes of the administrative provisions of the Code, each REMIC will be treated as a partnership. The Trustee will file REMIC federal income tax returns on behalf of each REMIC, and under the terms of the Pooling and Servicing Agreement, will be irrevocably appointed by the holder of the largest percentage interest in each class of the Residual Certificates as its agent to perform all of the duties of the “tax matters person” with respect to the related REMIC in all respects.

Reporting of interest income, including any original issue discount, with respect to Offered Certificates is required annually, and may be required more frequently under Treasury regulations. These information reports generally are required to be sent to individual holders of REMIC “regular interests” and the IRS; holders of Offered Certificates that are corporations, trusts, securities dealers and certain other non-individuals will be provided interest and original issue discount income information and the information set forth in the following paragraph upon

request in accordance with the requirements of the applicable regulations. The information must be provided by the later of 30 days after the end of the quarter for which the information was requested, or two weeks after the receipt of the request.

As applicable, the information reports will include a statement of the adjusted issue price of the Offered Certificate at the beginning of each accrual period. In addition, the reports will include information required by regulations with respect to computing the accrual of any market discount. Because exact computation of the accrual of market discount on a constant yield method would require information relating to the holder's purchase price that the REMIC may not have, such regulations only require that information pertaining to the appropriate proportionate method of accruing market discount be provided. See “—Taxation of Owners of Offered Certificates—Market Discount.”

The responsibility for complying with the foregoing reporting rules will be borne by the Trustee.

Backup Withholding With Respect to REMIC Certificates

Payments of interest and principal, as well as payments of proceeds from the sale of REMIC Certificates, may be subject to the “backup withholding tax” under Section 3406 of the Code if recipients of such payments 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 IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

Foreign Investors in REMIC Certificates

An Offered Certificateholder that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States in addition to its ownership of an Offered Certificate will not be subject to United States federal income or withholding tax in respect of a distribution on an Offered Certificate, provided that the holder complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the Certificateholder under penalties of perjury, certifying that such Certificateholder is not a United States person and providing the name and address of such Certificateholder). This statement is generally made on IRS Form W-8BEN and must be updated whenever required information has changed or within three calendar years after the statement is first delivered. For these purposes, “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in, or under the laws of, the United States or any political subdivision thereof (except, in the case of a partnership, to the extent provided in regulations), or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. To the extent prescribed in regulations by the Secretary of the Treasury, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Code), and which was treated as a United States person on August 19, 1996, may elect to continue to be treated as a United States person notwithstanding the previous sentence. It is possible that the IRS may assert that the foregoing tax exemption should not apply with respect to an Offered Certificate held by a Residual Certificateholder that owns directly or indirectly a 10% or greater interest in the Residual Certificates. If the holder does not qualify for exemption, distributions of interest, including distributions in respect of accrued original issue discount, to such holder may be subject to a tax rate of 30%, subject to reduction under any applicable tax treaty.

Special rules apply to partnerships, estates and trusts, and in certain circumstances certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

In addition, the foregoing rules will not apply to exempt a United States shareholder of a controlled foreign corporation from taxation on such United States shareholder's allocable portion of the interest income received by such controlled foreign corporation.

Further, it appears that an Offered 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 should consult their tax advisors concerning this question.

STATE AND OTHER TAX CONSEQUENCES

In addition to the federal income tax consequences described in “Certain Federal Income Tax Consequences” herein, potential investors should consider the state and local tax consequences of the acquisition, ownership, and disposition of the Offered Certificates offered hereunder. State tax law may differ substantially from the corresponding federal tax law, and this discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction. Therefore, prospective investors should consult their own tax advisors with respect to the various tax consequences of investments in the Offered Certificates.

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 summaries do not purport to be complete nor to reflect the laws of any particular state, nor to encompass the laws of all states in which the security for the Mortgage Loans is situated. The summaries are qualified in their entirety by reference to the applicable federal laws and the appropriate laws of the states in which Mortgage Loans may be originated.

General

The Mortgage Loans may be secured by deeds of trust, mortgages, security deeds or deeds to secure debt, depending upon the prevailing practice in the state in which the property subject to the loan is located. A mortgage creates a lien upon the real property encumbered by the mortgage, which lien is generally not prior to the lien for real estate taxes and assessments. Priority between mortgages depends on their terms and generally on the order of recording with a state or county office. There are two parties to a mortgage, the mortgagor, who is the owner of the mortgaged property, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. Although a deed of trust is similar to a mortgage, a deed of trust formally has three parties, the mortgagor-property owner called the trustor (similar to a mortgagor), a lender (similar to a mortgagee) called the beneficiary, and a third-party grantee called the trustee. Under a deed of trust, the mortgagor grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. A security deed and a deed to secure debt are special types of deeds which indicate on their face that they are granted to secure an underlying debt. By executing a security deed or deed to secure debt, the grantor conveys title to, as opposed to merely creating a lien upon, the subject property to the grantee until such time as the underlying debt is repaid. The trustee’s authority under a deed of trust, the mortgagee’s authority under a mortgage and the grantee’s authority under a security deed or deed to secure debt are governed by law and, with respect to some deeds of trust, the directions of the beneficiary.

Foreclosure/Repossession

Foreclosure of a deed of trust is generally accomplished by a non-judicial sale under a specific provision in the deed of trust which authorizes the trustee to sell the property at public auction upon any default by the mortgagor under the terms of the note or deed of trust. In some states, judicial action to foreclose is also allowed. In addition to any notice requirements contained in a deed of trust, in some states, the trustee must record a notice of default and send a copy to the mortgagor-trustor, to any person who has recorded a request for a copy of any notice of default and notice of sale, to any successor in interest to the mortgagor-trustor, to the beneficiary of any junior deed of trust and to certain other persons. In general, the mortgagor, or any other person having a junior encumbrance on the real estate, may, during a statutorily prescribed reinstatement period, cure a monetary default by paying the entire amount in arrears plus other designated costs and expenses incurred in enforcing the obligation. Generally, state law controls the amount of foreclosure expenses and costs, including attorneys’ fees, which may be recovered by a lender. After the reinstatement period has expired without the default having been cured, the mortgagor or junior lienholder no longer has the right to reinstate the loan and must pay the loan in full to prevent the scheduled

foreclosure sale. If the deed of trust is not reinstated, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers. In addition, some state laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest in the real property.

Foreclosure of a mortgage is generally accomplished by judicial action. The action is initiated by the service of legal pleadings upon all parties having an interest in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating necessary parties. Judicial foreclosure proceedings are often not contested by any of the parties. When the mortgagee's right to foreclosure is contested, the legal proceedings necessary to resolve the issue can be time consuming. After the completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other court officer to conduct the sale of the property. In some states, mortgages may also be foreclosed by advertisement, pursuant to a power of sale provided in the mortgage.

Although foreclosure sales are typically public sales, frequently no third party purchaser bids in excess of the lender's lien because of the difficulty of determining the exact status of title to the property, the possible deterioration of the property during the foreclosure proceedings and a requirement that the purchaser pay for the property in cash or by cashier's check. Thus the foreclosing lender often purchases the property from the trustee or referee for an amount equal to the principal amount outstanding under the loan, accrued and unpaid interest and the expenses of foreclosure in which event the mortgagor's debt will be extinguished or the lender may purchase for a lesser amount in order to preserve its right against a mortgagor to seek a deficiency judgment in states where such judgment is available. Thereafter, subject to the right of the mortgagor in some states to remain in possession during the redemption period, the lender will assume the burden of ownership, including obtaining hazard insurance and making such repairs at its own expense as are necessary to render the property suitable for sale. The lender will commonly obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property. Any loss may be reduced by the receipt of any mortgage guaranty insurance proceeds.

Courts have imposed general equitable principles upon foreclosure, which are generally designed to mitigate the legal consequences to the mortgagor of the mortgagor's defaults under the loan documents. Some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for fair notice require that mortgagors under deeds of trust receive notice longer than that prescribed by statute. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust does not involve sufficient state action to afford constitutional protection to the mortgagor.

When the beneficiary under a junior mortgage or deed of trust cures the default and reinstates or redeems by paying the full amount of the senior mortgage or deed of trust, the amount paid by the beneficiary to cure or redeem becomes a part of the indebtedness secured by the junior mortgage or deed of trust.

Rights of Redemption

In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the mortgagor and foreclosed junior lienors are given a statutory period in which to redeem the property from the foreclosure sale. In some states, redemption may occur only upon payment of the entire principal balance of the loan, accrued interest and expenses of foreclosure. In other states, redemption may be authorized if the former mortgagor pays only a portion of the sums due. The effect of a statutory right of redemption would defeat the title of any purchaser from the lender subsequent to foreclosure or sale under a deed of trust. Consequently, the practical effect of the redemption right is to force the lender to retain the property and pay the expenses of ownership until the redemption period has run. In some states, there is no right to redeem property after a trustee's sale under a deed of trust.

Anti-Deficiency Legislation and Other Limitations on Lenders

Certain states have adopted statutory prohibitions restricting the right of the beneficiary or mortgagee to obtain a deficiency judgment against mortgagors 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 mortgagor equal in most cases to the difference between the amount due to the lender and the fair market value of the real property sold at the foreclosure sale. Other statutes require the beneficiary or mortgagee to exhaust the security afforded under a deed of trust or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the mortgagor. In certain other states, the lender has the option of bringing a personal action against the mortgagor 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 mortgagor. Finally, other statutory provisions limit any deficiency judgment against the former mortgagor 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 mortgagor as a result of low or no bids at the foreclosure sale.

In addition to anti-deficiency and related legislation, numerous other federal and state statutory provisions, including the Relief Act 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 United States Bankruptcy Code (the “Bankruptcy Code”), a lender may not foreclose on the 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.

Due-on-Sale Clauses

Each Mortgage Loan will contain a due-on-sale clause which may provide that if the mortgagor or obligor sells, transfers or conveys the mortgaged property, the loan or contract may be accelerated by the mortgagee or secured party. 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 (i) originated or assumed during the “window period” under the Garn-St Germain Act which ended in all cases not later than October 15, 1982, and (ii) originated by lenders other than national banks, federal savings institutions and federal credit unions. Out of a total of eleven “window period states,” three states (Michigan, New Mexico and Utah) have enacted statutes extending, on various terms and for varying periods, the prohibition on enforcement of due-on-sale clauses with respect to certain categories of window period Mortgage Loans. Also, the Garn-St Germain Act does “encourage” lenders to permit assumption of Mortgage 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 mortgagee covered by the Act may not exercise its rights under a due-on-sale clause, notwithstanding the fact that a transfer of the property may have occurred. The inability to enforce a due-on-sale clause may result in transfer of the related mortgaged property to an uncreditworthy person, which could increase the likelihood of default or may result in a mortgage bearing an interest rate below the current market rate being assumed by a new home buyer, which may affect the average life of the 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 Premiums and Late Fees

Forms of notes, mortgages and deeds of trust used by lenders may contain provisions obligating the mortgagor to pay a late charge if payments are not timely made, and in some circumstances may provide for prepayment premiums, charges 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 mortgagor for delinquent payments. Certain states also limit the amounts that a lender may collect from a mortgagor as an additional charge if the loan is prepaid. Late charges on the Mortgage Loans will be retained by the Master Servicer as additional servicing compensation. Prepayment charges on the Mortgage Loans will not be retained by the Master Servicer, but will be paid to the holders of the Class P Certificates.

Equitable Limitations on Remedies

In connection with lenders' attempts to realize upon their security, courts have invoked general equitable principles. The equitable principles are generally designed to relieve the mortgagor from the legal effect of his defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and expensive actions to determine the causes of the mortgagor's default and the likelihood that the mortgagor will be able to reinstate the loan. In some cases, courts have substituted their judgment for the lender's judgment and have required that lenders reinstate Mortgage Loans or recast payment schedules in order to accommodate mortgagors who are suffering from temporary financial disability. In other cases, courts have limited the right of a lender to realize upon his security if the default under the security agreement is not monetary, such as the mortgagor's failure to adequately maintain the property or the mortgagor's execution of secondary financing affecting the property. Finally, some courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that mortgagors under security agreements receive notices in addition to the statutorily-prescribed minimums. For the most part, these cases have upheld the notice provisions as being reasonable or have found that, in some cases involving the sale by a trustee under a deed of trust or by a mortgagee under a mortgage having a power of sale, there is insufficient state action to afford constitutional protections to the mortgagor.

Environmental Risks

Federal, state and local laws and regulations impose a wide range of requirements on activities that may affect the environment, health and safety. These include laws and regulations governing air pollutant emissions, hazardous and toxic substances, impacts to wetlands, leaks from underground storage tanks, and the management, removal and disposal of lead and asbestos-containing materials. In certain circumstances, these laws and regulations impose obligations on the owners or operators of residential properties such as those subject to the Mortgage Loans. The failure to comply with such laws and regulations may result in fines and penalties.

Moreover, under various federal, state and local laws and regulations, an owner or operator of real estate may be liable for the costs of addressing hazardous substances on, in or beneath such property and related costs. Such liability may be imposed without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances, and could exceed the value of the property and the aggregate assets of the owner or operator. In addition, persons who transport or dispose of hazardous substances, or arrange for the transportation, disposal or treatment of hazardous substances, at off-site locations may also be held liable if there are releases or threatened releases of hazardous substances at such off-site locations.

In addition, under the laws of some states and under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), contamination of property may give rise to a lien on the property to assure the payment of the costs of clean-up. In several states, such a lien has priority over the lien of an existing mortgage against such property. Under CERCLA, such a lien is subordinate to pre-existing, perfected security interests.

Under the laws of some states, and under CERCLA, there is a possibility that a lender may be held liable as an “owner” or “operator” for costs of addressing releases or threatened releases of hazardous substances at a property, regardless of whether or not the environmental damage or threat was caused by a current or prior owner or operator. CERCLA imposes liability for such costs on any and all “responsible parties,” including owners or operators. However, CERCLA excludes from the definition of “owner or operator” a secured creditor who holds indicia of ownership primarily to protect its security interest but does not “participate in the management” of the property (the “secured creditor exclusion”). Thus, if a lender’s activities begin to encroach on the actual management of a contaminated facility or property, the lender may incur liability as an “owner or operator” under CERCLA. Similarly, if a lender forecloses and takes title to a contaminated facility or property, the lender may incur CERCLA liability in various circumstances, including, but not limited to, when it holds the facility or property as an investment (including leasing the facility or property to a third party), or fails to market the property in a timely fashion.

Whether actions taken by a lender would constitute such participation in the management of a property, so that the lender would lose the protection of the secured creditor exclusion, has been a matter of judicial interpretation of the statutory language, and court decisions have historically been inconsistent. In 1990, the United States Court of Appeals for the Eleventh Circuit suggested, in *United States v Fleet Factors Corp.*, that the mere capacity of the lender to influence a mortgagor’s decisions regarding disposal of hazardous substances was sufficient participation in the management of the mortgagor’s business to deny the protection of the secured creditor exclusion to the lender, regardless of whether the lender actually exercised such influence. Other judicial decisions did not interpret the secured creditor exclusion as narrowly as did the Eleventh Circuit.

This ambiguity appears to have been resolved by the enactment of the Asset Conservation, Lender Liability and Deposit Insurance Protection Act of 1996 (the “Asset Conservation Act”), which took effect on September 30, 1996. The Asset Conservation Act provides that in order to be deemed to have participated in the management of a secured property, a lender must actually participate in the operational affairs of the property or of the mortgagor. The Asset Conservation Act also provides that participation in the management of the property does not include “merely having the capacity to influence, or unexercised right to control” operations. Rather, a lender will lose the protection of the secured creditor exclusion only if it exercises decision-making control over the mortgagor’s environmental compliance and hazardous substance handling and disposal practices, or assumes day-to-day management of all operational functions of the secured property.

CERCLA does not apply to petroleum products, and the secured creditor exclusion does not govern liability for cleanup costs under federal laws other than CERCLA, in particular Subtitle I of the federal Resource Conservation and Recovery Act (“RCRA”), which regulates underground petroleum storage tanks (except heating oil tanks). The EPA has adopted a lender liability rule for underground storage tanks under Subtitle I of RCRA. Under such rule, a holder of a security interest in an underground storage tank or real property containing an underground storage tank is not considered an operator of the underground storage tank as long as petroleum is not added to, stored in or dispensed from the tank. Moreover, under the Asset Conservation Act, the protections accorded to lenders under CERCLA are also accorded to holders of security interests in underground petroleum storage tanks. It should be noted, however, that liability for cleanup of petroleum contamination may be governed by state law, which may not provide for any specific protection for secured creditors.

The Asset Conservation Act specifically addresses the potential liability of lenders who hold mortgages or similar conventional security interests in real property, such as the Trust does in connection with the Mortgage Loans.

If a lender is or becomes liable under CERCLA, it may be authorized to bring a statutory action for contribution against any other “responsible parties”, including a previous owner or operator. However, such persons or entities may be bankrupt or otherwise judgment proof, and the costs associated with environmental cleanup and related actions may be substantial. Moreover, some state laws imposing liability for addressing hazardous substances do not contain exemptions from liability for lenders. Whether the costs of addressing a release or threatened release at a property pledged as collateral for one of the Mortgage Loans, would be imposed on the Trust, and thus occasion a loss to the Certificateholders, therefore depends on the specific factual and legal circumstances at issue.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, enacted in March 1980 ("Title V") provides that state usury limitations shall not apply to certain types of residential first Mortgage Loans originated by certain lenders after March 31, 1980. The Office of Thrift Supervision, as successor to the Federal Home Loan Bank Board, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. Title V authorized the states to reimpose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects an application of the federal law. Fifteen states adopted such a law prior to the April 1, 1993 deadline. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on Mortgage Loans covered by Title V. Certain states have taken action to reimpose interest rate limits and/or to limit discount points or other charges.

Servicemembers Civil Relief Act

Generally, under the terms of the Relief Act, a mortgagor who enters military service after the origination of such mortgagor's Mortgage Loan (including a mortgagor who is a member of the National Guard or is in reserve status at the time of the origination of the Mortgage Loan and is later called to active duty) may not be charged interest above an annual rate of 6% during the period of such mortgagor'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 Mortgage Loans. Any shortfall in interest collections resulting from the application of the Relief Act could result in losses to the Certificateholders. The Relief Act also imposes limitations which would impair the ability of the Master Servicer to foreclose on an affected Mortgage Loan during the mortgagor's period of active duty status. Moreover, the Relief Act permits the extension of a Mortgage Loan's maturity and the re-adjustment of its payment schedule beyond the completion of military service. Thus, in the event that such a Mortgage Loan goes into default, there may be delays and losses occasioned by the inability to realize upon the mortgaged property in a timely fashion.

Other Legal Considerations

The Mortgage Loans are also subject to federal laws, including: (i) the federal Truth-in-Lending Act, Regulation Z, which requires certain disclosures to the mortgagors regarding the terms of the Mortgage Loans; (ii) the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; and (iii) the Fair Credit Reporting Act, which regulates the use and reporting of information related to the mortgagor's credit experience. Violations of certain provisions of these federal laws may limit the ability of each Servicer to collect all or part of the principal of or interest on the Mortgage Loans and in addition could subject the Master Servicer to damages and administrative enforcement.

Certain tax liens arising under the Code, may in certain circumstances have priority over the lien of a mortgage, deed of trust or deed to secure debt. In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination, servicing and enforcing of single family mortgage loans by numerous federal and some state consumer protection laws. These laws include the federal Truth-in-Lending Act, Regulation Z, Real Estate Settlement Procedures Act, Equal Credit Opportunity Act, Regulation B, Fair Credit Billing Act, the Fair Housing Act, Fair Credit Reporting Act and related statutes and regulations. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. In some cases, this liability may affect assignees of the mortgage loans. In particular, an originators' failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both the originators and assignees of such obligations to monetary penalties and could result in obligors' rescinding the mortgage loans against either the originators or assignees.

The Originator will represent that none of the Mortgage Loans are subject to the Homeownership Act (any mortgage loans that are subject to such law, “High Cost Loans”), which are mortgage loans originated on or after October 1, 1995, which are not made to finance the purchase of the mortgaged property and which have interest rates or origination costs in excess of certain prescribed levels. The Homeownership Act requires certain additional disclosures, specifies the timing of such disclosures and limits or prohibits inclusion of certain provisions in mortgages subject to the Homeownership Act. Remedies available to the mortgagor include monetary penalties, as well as rescission rights if the appropriate disclosures were not given as required or if the particular mortgage includes provisions prohibited by law. The Homeownership Act also provides that any purchaser or assignee of a mortgage covered by the Homeownership Act is subject to all of the claims and defenses to loan payment, whether under the federal Truth-in-Lending Act, as amended by the Homeownership Act or other law, which the mortgagor could assert against the original lender unless the purchaser or assignee did not know and could not with reasonable diligence have determined that the mortgage loan was subject to the provisions of the Homeownership Act. The maximum damages that may be recovered under the Homeownership Act from an assignee is the remaining amount of indebtedness plus the total amount paid by the mortgagor in connection with the mortgage loan. If the Originator were found to have breached its representation that none of the Mortgage Loans are High Cost Loans and such breach were to materially and adversely affect the value of the related Mortgage Loan or the interest therein of the Trust and Fannie Mae, then the only remedy available to the Trust would be the cure, substitution or repurchase of such Mortgage Loan by the Originator; provided, however, that any such breach will be deemed to materially and adversely affect the interests of Fannie Mae.

METHOD OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among the Depositor, the Seller and Fannie Mae, the Depositor has agreed to sell to Fannie Mae, and Fannie Mae has agreed to purchase from the Depositor, the Offered Certificates.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Offered Certificates will be passed upon by Thacher Proffitt & Wood LLP, New York, New York, as counsel for the Depositor.

Annex I: Assumed Mortgage Loan Characteristics

Group Code	Aggregate Principal Balance (\$)	Gross Mortgage Rate (%)	Original Term to Maturity (months)	Remaining Term to Maturity (months)	Months To Next Adjustment . Date	Gross Margin (%)	Initial Periodic Rate Cap (%)	Periodic Rate Cap (%)	Minimum Mortgage Rate (%)	Maximum Mortgage Rate (%)
1	\$82,721,029.94	7.22203	345	344	N/A	N/A	N/A	N/A	N/A	N/A
1	1,520,029.50	6.76074	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	813,833.28	7.57180	347	346	N/A	N/A	N/A	N/A	N/A	N/A
1	5,130,508.83	6.93614	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	148,417.18	8.90000	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	634,217.33	8.52403	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	915,468.77	6.70654	329	328	N/A	N/A	N/A	N/A	N/A	N/A
1	629,959.67	7.33322	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	4,602,751.94	7.32100	357	356	N/A	N/A	N/A	N/A	N/A	N/A
1	73,776.09	8.10000	240	239	N/A	N/A	N/A	N/A	N/A	N/A
1	81,518.76	6.00000	360	359	N/A	N/A	N/A	N/A	N/A	N/A
1	4,167,594.37	7.10738	339	337	N/A	N/A	N/A	N/A	N/A	N/A
1	165,421.99	8.02410	288	287	N/A	N/A	N/A	N/A	N/A	N/A
1	2,559,607.55	7.43786	336	335	N/A	N/A	N/A	N/A	N/A	N/A
1	34,030,850.34	6.61963	349	348	N/A	N/A	N/A	N/A	N/A	N/A
1	117,668.84	7.30000	354	351	N/A	N/A	N/A	N/A	N/A	N/A
1	82,706.32	8.85000	360	358	N/A	N/A	N/A	N/A	N/A	N/A
1	2,116,261.18	7.78751	355	352	N/A	N/A	N/A	N/A	N/A	N/A
1	268,347.87	7.12181	319	318	N/A	N/A	N/A	N/A	N/A	N/A
1	5,205,013.21	7.50836	346	345	N/A	N/A	N/A	N/A	N/A	N/A
1	340,076.44	7.70170	360	358	N/A	N/A	N/A	N/A	N/A	N/A
1	8,649,865.23	7.07173	350	349	N/A	N/A	N/A	N/A	N/A	N/A
1	159,937,067.13	6.79194	350	349	N/A	N/A	N/A	N/A	N/A	N/A
1	321,672.93	6.20000	360	353	17	6.00000	2.00000	1.00000	6.20000	12.20000
1	247,828.74	7.75000	360	354	18	6.00000	2.00000	1.00000	7.75000	13.75000
1	328,662.61	8.05000	360	354	18	6.00000	2.00000	1.00000	8.05000	14.05000
1	302,885.09	7.13404	360	354	18	6.00000	2.00000	1.00000	7.13404	13.13404
1	167,128.30	6.80000	360	354	18	6.00000	2.00000	1.00000	6.80000	12.80000
1	157,561.23	9.00000	360	355	19	6.00000	2.00000	1.00000	9.00000	15.00000
1	95,755.04	9.40000	360	355	19	6.00000	2.00000	1.00000	9.40000	15.40000
1	134,609.93	8.80000	360	355	19	6.00000	2.00000	1.00000	8.80000	14.80000
1	101,674.10	8.40000	360	355	19	6.00000	2.00000	1.00000	8.40000	14.40000
1	187,427.20	8.55949	360	355	19	6.00000	2.00000	1.00000	8.55949	14.55949
1	80,218.44	8.45000	359	354	19	6.00000	2.00000	1.00000	8.45000	14.45000
1	146,878.21	9.45000	360	355	19	6.00000	2.00000	1.00000	9.45000	15.45000
1	1,200,705.17	8.13792	360	355	19	4.55872	2.00000	1.00000	8.13792	14.13792
1	579,048.82	8.79725	360	355	19	6.00000	2.00000	1.00000	8.79725	14.79725
1	2,998,531.27	8.08786	360	356	20	5.85533	2.00000	1.00000	8.08786	14.08786
1	299,848.60	8.40000	360	356	20	6.00000	2.00000	1.00000	8.40000	14.40000
1	294,426.38	8.58925	360	356	20	6.37991	2.00000	1.00000	8.58925	14.58925
1	457,766.75	8.04708	360	356	20	6.00000	2.00000	1.00000	8.04708	14.04708
1	554,713.83	8.45828	360	356	20	6.05940	2.00000	1.00000	8.45828	14.45828
1	598,933.46	8.40211	360	356	20	6.13615	2.00000	1.00000	8.40211	14.40211
1	315,647.79	8.27875	360	356	20	6.00000	2.00000	1.00000	8.27875	14.27875
1	108,880.85	8.75000	360	356	20	6.00000	2.00000	1.00000	8.75000	14.75000
1	158,995.88	9.70000	360	356	20	6.00000	2.00000	1.00000	9.70000	15.70000
1	655,882.45	8.55209	360	356	20	6.00000	2.00000	1.00000	8.55209	14.55209
1	469,892.61	7.70282	360	356	20	6.00000	2.00000	1.00000	7.70282	13.70282
1	118,843.01	11.72500	360	356	20	6.00000	2.00000	1.00000	11.72500	17.72500
1	127,061.21	8.87500	360	356	20	6.00000	2.00000	1.00000	8.87500	14.87500
1	4,353,042.70	7.99083	360	356	20	6.06727	2.00000	1.00000	7.99083	13.99083
1	1,737,705.55	7.60905	360	356	20	6.00000	2.00000	1.00000	7.60905	13.60905
1	2,411,835.67	8.14984	360	357	21	5.55054	2.00000	1.00000	8.14984	14.14984
1	69,542.22	7.45000	360	357	21	6.00000	2.00000	1.00000	7.45000	13.45000
1	610,925.38	8.71918	360	357	21	6.00000	2.00000	1.00000	8.71918	14.71918
1	156,544.61	10.10000	360	357	21	6.00000	2.00000	1.00000	10.10000	16.10000
1	257,789.92	8.14328	360	357	21	6.00000	2.00000	1.00000	8.14328	14.14328
1	707,989.12	8.89420	360	357	21	6.00000	2.00000	1.00000	8.89420	14.89420
1	78,920.81	9.05000	360	357	21	6.00000	2.00000	1.00000	9.05000	15.05000
1	737,209.17	8.05098	360	357	21	6.00000	2.00000	1.00000	8.05098	14.05098
1	3,734,902.96	7.72554	360	357	21	6.00000	2.00000	1.00000	7.72554	13.72554
1	94,300.62	7.80000	360	357	21	6.00000	2.00000	1.00000	7.80000	13.80000
1	1,963,377.88	7.46816	360	357	21	6.00000	2.00000	1.00000	7.46816	13.46816
1	845,768.56	8.15798	360	357	21	6.00000	2.00000	1.00000	8.15798	14.15798
1	10,091,884.20	8.13424	359	357	22	5.29523	2.00000	1.00000	8.13424	14.13424
1	140,881.23	10.25000	360	358	22	6.95000	2.00000	1.00000	10.25000	16.25000

Annex I: Assumed Mortgage Loan Characteristics

Group Code	Aggregate Principal Balance (\$)	Gross Mortgage Rate (%)	Original Term to Maturity (months)	Remaining Term to Maturity (months)	Months To Next Adjustment . Date	Gross Margin (%)	Initial Periodic Rate Cap (%)	Periodic Rate Cap (%)	Minimum Mortgage Rate (%)	Maximum Mortgage Rate (%)
1	1,523,189.53	7.70702	360	358	22	6.00000	2.00000	1.00000	7.70702	13.70702
1	94,409.99	9.70000	360	358	22	6.00000	2.00000	1.00000	9.70000	15.70000
1	97,819.24	7.80000	180	178	22	6.00000	2.00000	1.00000	7.80000	13.80000
1	848,823.32	7.99159	360	358	22	4.00000	2.00000	1.00000	7.99159	13.99159
1	101,550.07	7.55000	360	358	22	6.00000	2.00000	1.00000	7.55000	13.55000
1	558,589.35	8.32778	360	358	22	6.00000	2.00000	1.00000	8.32778	14.32778
1	2,159,289.42	8.09975	360	358	22	6.00000	2.00000	1.00000	8.09975	14.09975
1	1,094,674.02	8.14418	360	358	22	6.00000	2.00000	1.00000	8.14418	14.14418
1	217,084.53	8.48252	360	358	22	6.00000	2.00000	1.00000	8.48252	14.48252
1	1,110,520.35	8.44898	360	358	22	6.00000	2.00000	1.00000	8.44898	14.44898
1	278,095.92	7.95055	360	358	22	6.00000	2.00000	1.00000	7.95055	13.95055
1	449,856.44	8.61459	360	358	22	6.00000	2.00000	1.00000	8.61459	14.61459
1	1,360,383.12	8.64562	360	358	22	6.00000	2.00000	1.00000	8.64562	14.64562
1	471,460.39	7.96620	360	358	22	6.00000	2.00000	1.00000	7.96620	13.96620
1	312,468.95	9.44325	360	358	22	6.00000	2.00000	1.00000	9.44325	15.44325
1	2,916,519.87	8.06950	360	358	22	6.00000	2.00000	1.00000	8.06950	14.06950
1	32,361,218.14	7.45363	359	357	22	6.00000	2.00000	1.00000	7.45363	13.45363
1	11,172,286.93	7.17610	360	358	22	6.00000	2.00000	1.00000	7.17610	13.17610
1	185,409,722.48	7.96178	360	359	23	5.37159	2.00000	1.00000	7.96178	13.96178
1	4,995,368.13	7.56489	360	359	23	6.00000	2.00000	1.00000	7.56489	13.56489
1	716,481.09	7.76061	360	359	23	6.00000	2.00000	1.00000	7.76061	13.76061
1	77,793.37	7.60000	360	359	23	6.00000	2.00000	1.00000	7.60000	13.60000
1	6,690,600.98	7.98871	360	359	23	6.00000	2.00000	1.00000	7.98871	13.98871
1	13,531,097.12	7.71496	360	359	23	6.00000	2.00000	1.00000	7.71496	13.71496
1	129,829.04	9.00000	360	359	23	6.00000	2.00000	1.00000	9.00000	15.00000
1	4,792,536.54	8.49713	360	359	23	6.00000	2.00000	1.00000	8.49713	14.49713
1	1,213,206.91	7.83950	360	359	23	4.25743	2.00000	1.00000	7.83950	13.83950
1	220,886.03	9.27500	360	359	23	6.00000	2.00000	1.00000	9.27500	15.27500
1	1,903,787.94	7.99285	360	359	23	6.00000	2.00000	1.00000	7.99285	13.99285
1	1,447,319.54	7.65203	360	359	23	6.00000	2.00000	1.00000	7.65203	13.65203
1	511,297.46	8.64317	360	359	23	6.00000	2.00000	1.00000	8.64317	14.64317
1	804,813.84	8.67139	360	359	23	6.00000	2.00000	1.00000	8.67139	14.67139
1	17,594,568.57	8.32399	360	359	23	6.00000	2.00000	1.00000	8.32399	14.32399
1	44,392,016.72	8.05033	359	358	23	6.00000	2.00000	1.00000	8.05033	14.05033
1	407,453.79	8.57867	360	359	23	6.00000	2.00000	1.00000	8.57867	14.57867
1	8,736,223.42	7.99889	360	359	23	6.00000	2.00000	1.00000	7.99889	13.99889
1	2,119,969.80	8.45012	360	359	23	6.00000	2.00000	1.00000	8.45012	14.45012
1	445,171.99	9.12350	360	359	23	6.00000	2.00000	1.00000	9.12350	15.12350
1	18,817,613.12	8.41883	360	359	23	6.00000	2.00000	1.00000	8.41883	14.41883
1	3,600,276.97	8.12366	360	359	23	6.00000	2.00000	1.00000	8.12366	14.12366
1	1,391,594.98	8.13518	360	359	23	6.00000	2.00000	1.00000	8.13518	14.13518
1	1,008,900.73	9.01798	360	359	23	6.00000	2.00000	1.00000	9.01798	15.01798
1	13,412,561.33	7.96526	360	359	23	6.00000	2.00000	1.00000	7.96526	13.96526
1	985,743.75	7.09591	360	359	23	6.00000	2.00000	1.00000	7.09591	13.09591
1	26,707,387.28	8.29503	359	358	23	6.00000	2.00000	1.00000	8.29503	14.29503
1	427,642,072.25	7.60800	360	359	23	5.99904	2.00000	1.00000	7.60800	13.60800
1	104,391,754.46	7.27579	360	359	23	6.00000	2.00000	1.00000	7.27579	13.27579
1	14,317,717.00	8.41796	360	360	24	5.77577	2.00000	1.00000	8.41796	14.41796
1	259,800.00	9.03106	360	360	24	6.00000	2.00000	1.00000	9.03106	15.03106
1	98,000.00	7.65000	360	360	24	6.00000	2.00000	1.00000	7.65000	13.65000
1	1,419,392.00	8.27297	360	360	24	6.00000	2.00000	1.00000	8.27297	14.27297
1	2,080,245.00	8.30564	360	360	24	6.00000	2.00000	1.00000	8.30564	14.30564
1	478,200.00	8.94705	360	360	24	6.00000	2.00000	1.00000	8.94705	14.94705
1	90,000.00	8.90000	360	360	24	6.00000	2.00000	1.00000	8.90000	14.90000
1	238,191.00	8.50502	360	360	24	6.00000	2.00000	1.00000	8.50502	14.50502
1	1,045,460.00	8.32500	360	360	24	6.00000	2.00000	1.00000	8.32500	14.32500
1	9,407,030.00	8.22082	360	360	24	6.00000	2.00000	1.00000	8.22082	14.22082
1	118,000.00	8.53800	360	360	24	6.00000	2.00000	1.00000	8.53800	14.53800
1	72,750.00	11.00000	360	360	24	6.00000	2.00000	1.00000	11.00000	17.00000
1	225,000.00	9.30000	360	360	24	6.00000	2.00000	1.00000	9.30000	15.30000
1	1,035,050.00	9.31143	360	360	24	6.00000	2.00000	1.00000	9.31143	15.31143
1	451,350.00	8.67248	360	360	24	6.00000	2.00000	1.00000	8.67248	14.67248
1	588,990.00	9.21518	360	360	24	6.00000	2.00000	1.00000	9.21518	15.21518
1	278,006.00	8.77110	360	360	24	6.00000	2.00000	1.00000	8.77110	14.77110
1	786,750.00	8.92510	360	360	24	6.00000	2.00000	1.00000	8.92510	14.92510
1	20,372,715.00	8.18781	360	360	24	6.00000	2.00000	1.00000	8.18781	14.18781

Annex I: Assumed Mortgage Loan Characteristics

Group Code	Aggregate Principal Balance (\$)	Gross Mortgage Rate (%)	Original Term to Maturity (months)	Remaining Term to Maturity (months)	Months To Next Adjustment . Date	Gross Margin (%)	Initial Periodic Rate Cap (%)	Periodic Rate Cap (%)	Minimum Mortgage Rate (%)	Maximum Mortgage Rate (%)
1	11,340,427.00	7.85729	360	360	24	6.00000	2.00000	1.00000	7.85729	13.85729
1	67,311.14	9.85000	360	354	30	5.00000	2.00000	1.00000	9.85000	15.85000
1	1,775,834.08	7.20220	360	355	31	6.15982	2.00000	1.00000	7.20220	13.20220
1	246,716.01	8.35000	360	355	31	6.00000	2.00000	1.00000	8.35000	14.35000
1	675,481.82	7.16639	360	355	31	6.00000	2.00000	1.00000	7.16639	13.16639
1	6,202,064.23	7.70825	353	349	32	5.64423	2.00000	1.00000	7.70825	13.70825
1	157,081.57	8.10000	360	356	32	6.00000	2.00000	1.00000	8.10000	14.10000
1	190,793.91	8.63000	360	356	32	6.00000	2.00000	1.00000	8.63000	14.63000
1	977,621.33	7.56123	360	356	32	6.00000	2.00000	1.00000	7.56123	13.56123
1	4,001,424.92	7.75716	360	357	33	5.36486	2.00000	1.00000	7.75716	13.75716
1	107,724.90	6.85000	360	357	33	6.00000	2.00000	1.00000	6.85000	12.85000
1	224,588.15	8.50000	360	357	33	6.00000	2.00000	1.00000	8.50000	14.50000
1	676,686.35	7.60857	360	357	33	6.00000	2.00000	1.00000	7.60857	13.60857
1	98,269.65	7.30000	360	357	33	6.00000	2.00000	1.00000	7.30000	13.30000
1	294,313.56	7.34511	360	357	33	6.00000	2.00000	1.00000	7.34511	13.34511
1	9,559,349.67	7.91625	360	358	34	5.28350	2.00000	1.00000	7.91625	13.91625
1	130,347.73	8.70000	360	358	34	6.00000	2.00000	1.00000	8.70000	14.70000
1	132,619.36	7.95000	360	358	34	6.00000	2.00000	1.00000	7.95000	13.95000
1	313,024.15	7.96327	360	358	34	6.00000	2.00000	1.00000	7.96327	13.96327
1	661,093.54	7.70661	360	358	34	6.00000	2.00000	1.00000	7.70661	13.70661
1	278,589.58	8.45329	360	358	34	6.00000	2.00000	1.00000	8.45329	14.45329
1	312,873.50	9.36713	360	358	34	6.00000	2.00000	1.00000	9.36713	15.36713
1	6,383,666.79	7.36238	360	358	34	6.00000	2.00000	1.00000	7.36238	13.36238
1	270,293,623.07	7.49252	359	358	35	5.23442	2.00000	1.00000	7.49252	13.49252
1	2,764,265.19	7.51353	360	359	35	5.90069	2.00000	1.00000	7.51353	13.51353
1	376,566.68	8.40511	360	359	35	6.00000	2.00000	1.00000	8.40511	14.40511
1	3,175,603.65	7.11864	360	359	35	6.00000	2.00000	1.00000	7.11864	13.11864
1	2,819,359.99	8.65224	352	351	35	6.00000	2.00000	1.00000	8.65224	14.65224
1	628,073.91	7.94976	360	359	35	4.00000	2.00000	1.00000	7.94976	13.94976
1	531,591.28	8.71133	360	359	35	6.00000	2.00000	1.00000	8.71133	14.71133
1	2,990,745.23	7.75761	360	359	35	6.00000	2.00000	1.00000	7.75761	13.75761
1	625,244.02	8.10836	360	359	35	6.00000	2.00000	1.00000	8.10836	14.10836
1	158,419.34	8.46068	360	359	35	6.00000	2.00000	1.00000	8.46068	14.46068
1	3,490,402.03	7.82586	360	359	35	6.00000	2.00000	1.00000	7.82586	13.82586
1	2,351,062.39	7.69040	360	359	35	6.00000	2.00000	1.00000	7.69040	13.69040
1	75,945.26	7.65000	360	359	35	6.00000	2.00000	1.00000	7.65000	13.65000
1	1,426,229.53	7.95773	360	359	35	6.00000	2.00000	1.00000	7.95773	13.95773
1	408,792.98	8.83027	360	359	35	6.00000	2.00000	1.00000	8.83027	14.83027
1	2,789,250.16	7.67552	360	359	35	6.00000	2.00000	1.00000	7.67552	13.67552
1	1,015,779.05	8.54722	360	359	35	6.00000	2.00000	1.00000	8.54722	14.54722
1	1,231,598.46	7.28982	360	359	35	6.00000	2.00000	1.00000	7.28982	13.28982
1	73,037,707.87	7.29478	360	359	35	6.00080	2.00000	1.00000	7.29478	13.29478
1	13,127,395.00	8.28942	360	360	36	5.17418	2.00000	1.00000	8.28942	14.28942
1	497,600.00	6.92709	360	360	36	6.00000	2.00000	1.00000	6.92709	12.92709
1	86,850.00	9.30000	360	360	36	6.00000	2.00000	1.00000	9.30000	15.30000
1	596,400.00	7.47279	360	360	36	6.00000	2.00000	1.00000	7.47279	13.47279
1	801,000.00	8.26848	360	360	36	6.00000	2.00000	1.00000	8.26848	14.26848
1	168,750.00	9.11960	360	360	36	6.00000	2.00000	1.00000	9.11960	15.11960
1	1,188,925.00	8.46587	360	360	36	6.00000	2.00000	1.00000	8.46587	14.46587
1	189,000.00	9.28631	360	360	36	6.00000	2.00000	1.00000	9.28631	15.28631
1	483,820.00	8.38201	360	360	36	6.00000	2.00000	1.00000	8.38201	14.38201
1	745,650.00	7.83860	360	360	36	6.00000	2.00000	1.00000	7.83860	13.83860
1	6,792,798.00	7.78053	360	360	36	5.96926	2.00000	1.00000	7.78053	13.78053
2	50,123,640.17	9.63018	353	351	N/A	N/A	N/A	N/A	N/A	N/A
2	76,372.37	8.95000	360	357	N/A	N/A	N/A	N/A	N/A	N/A
2	83,382.95	8.80000	360	358	N/A	N/A	N/A	N/A	N/A	N/A
2	76,775.65	7.85000	360	356	N/A	N/A	N/A	N/A	N/A	N/A
2	560,524.28	8.08660	360	358	N/A	N/A	N/A	N/A	N/A	N/A
2	64,847.19	8.70000	360	356	N/A	N/A	N/A	N/A	N/A	N/A
2	1,761,037.57	8.08540	352	351	N/A	N/A	N/A	N/A	N/A	N/A
2	1,685,136.68	8.25399	336	334	N/A	N/A	N/A	N/A	N/A	N/A
2	104,799.55	9.70000	360	356	N/A	N/A	N/A	N/A	N/A	N/A
2	913,473.75	7.49854	360	359	N/A	N/A	N/A	N/A	N/A	N/A
2	16,923,407.89	6.38866	356	355	N/A	N/A	N/A	N/A	N/A	N/A
2	1,411,392.60	8.52277	352	349	N/A	N/A	N/A	N/A	N/A	N/A
2	1,172,029.90	7.34901	303	302	N/A	N/A	N/A	N/A	N/A	N/A

Annex I: Assumed Mortgage Loan Characteristics

Group Code	Aggregate Principal Balance (\$)	Gross Mortgage Rate (%)	Original Term to Maturity (months)	Remaining Term to Maturity (months)	Months To Next Adjustment . Date	Gross Margin (%)	Initial Periodic Rate Cap (%)	Periodic Rate Cap (%)	Minimum Mortgage Rate (%)	Maximum Mortgage Rate (%)
2	224,781.46	9.17583	360	359	N/A	N/A	N/A	N/A	N/A	N/A
2	2,722,373.47	7.33971	341	339	N/A	N/A	N/A	N/A	N/A	N/A
2	87,185,309.54	6.68007	349	347	N/A	N/A	N/A	N/A	N/A	N/A
2	950,751.60	6.58273	360	354	18	6.00000	2.00000	1.00000	6.58273	12.58273
2	364,785.35	5.80000	360	355	19	6.00000	2.00000	1.00000	5.80000	11.80000
2	82,770.05	6.85000	360	355	19	6.00000	2.00000	1.00000	6.85000	12.85000
2	73,690.09	6.95000	360	355	19	6.00000	2.00000	1.00000	6.95000	12.95000
2	1,249,773.26	6.45454	360	355	19	5.84314	2.00000	1.00000	6.45454	12.45454
2	1,659,561.27	8.65551	360	356	20	6.00000	2.00000	1.00000	8.65551	14.65551
2	390,926.55	7.95000	360	356	20	6.00000	2.00000	1.00000	7.95000	13.95000
2	633,835.81	8.81381	360	356	20	6.00000	2.00000	1.00000	8.81381	14.81381
2	71,821.85	8.45000	360	356	20	6.00000	2.00000	1.00000	8.45000	14.45000
2	2,457,429.05	8.37224	360	356	20	6.00000	2.00000	1.00000	8.37224	14.37224
2	4,493,364.89	7.86303	360	356	20	6.00000	2.00000	1.00000	7.86303	13.86303
2	898,858.15	8.42785	360	356	20	6.00000	2.00000	1.00000	8.42785	14.42785
2	106,975.28	10.65000	360	357	21	6.00000	2.00000	1.00000	10.65000	16.65000
2	498,022.38	8.61904	358	355	21	6.00000	2.00000	1.00000	8.61904	14.61904
2	575,675.24	8.03767	360	357	21	6.00000	2.00000	1.00000	8.03767	14.03767
2	435,717.26	8.60000	360	357	21	6.00000	2.00000	1.00000	8.60000	14.60000
2	226,152.42	7.40913	349	346	21	6.00000	2.00000	1.00000	7.40913	13.40913
2	643,022.98	8.71975	360	357	21	6.00000	2.00000	1.00000	8.71975	14.71975
2	3,622,422.53	8.52762	360	358	22	5.77722	2.00000	1.00000	8.52762	14.52762
2	369,295.78	8.45000	360	358	22	6.00000	2.00000	1.00000	8.45000	14.45000
2	89,913.88	9.65000	360	358	22	6.00000	2.00000	1.00000	9.65000	15.65000
2	289,202.10	7.90000	360	358	22	4.00000	2.00000	1.00000	7.90000	13.90000
2	216,877.30	8.34547	360	358	22	6.00000	2.00000	1.00000	8.34547	14.34547
2	1,051,992.80	8.38789	360	358	22	6.00000	2.00000	1.00000	8.38789	14.38789
2	74,752.74	6.15000	360	358	22	6.00000	2.00000	1.00000	6.15000	12.15000
2	275,943.91	8.95000	360	358	22	6.00000	2.00000	1.00000	8.95000	14.95000
2	210,714.10	8.90666	360	358	22	6.00000	2.00000	1.00000	8.90666	14.90666
2	214,660.18	7.20000	360	358	22	6.00000	2.00000	1.00000	7.20000	13.20000
2	13,357,739.83	7.34138	360	358	22	6.00000	2.00000	1.00000	7.34138	13.34138
2	6,052,665.17	7.36957	360	358	22	6.00000	2.00000	1.00000	7.36957	13.36957
2	54,556,951.32	7.93038	360	359	23	5.71667	2.00000	1.00000	7.93038	13.93038
2	521,571.69	7.12437	360	359	23	6.00000	2.00000	1.00000	7.12437	13.12437
2	214,748.23	9.68431	360	359	23	6.00000	2.00000	1.00000	9.68431	15.68431
2	278,816.56	8.10000	360	359	23	6.00000	2.00000	1.00000	8.10000	14.10000
2	1,091,709.49	7.44176	360	359	23	6.00000	2.00000	1.00000	7.44176	13.44176
2	2,375,942.46	8.44940	360	359	23	6.00000	2.00000	1.00000	8.44940	14.44940
2	1,406,837.67	7.93463	360	359	23	6.00000	2.00000	1.00000	7.93463	13.93463
2	3,901,585.73	8.27323	360	359	23	6.00000	2.00000	1.00000	8.27323	14.27323
2	6,791,163.38	8.02515	360	359	23	6.00000	2.00000	1.00000	8.02515	14.02515
2	884,319.16	8.23742	360	359	23	6.00000	2.00000	1.00000	8.23742	14.23742
2	193,687.74	7.07522	360	359	23	6.00000	2.00000	1.00000	7.07522	13.07522
2	118,418.03	7.85000	360	359	23	6.00000	2.00000	1.00000	7.85000	13.85000
2	1,623,588.90	8.53205	360	359	23	6.00000	2.00000	1.00000	8.53205	14.53205
2	448,363.71	8.27768	360	359	23	6.00000	2.00000	1.00000	8.27768	14.27768
2	613,210.96	7.71650	360	359	23	6.00000	2.00000	1.00000	7.71650	13.71650
2	130,430.19	9.10000	360	359	23	6.00000	2.00000	1.00000	9.10000	15.10000
2	1,881,257.07	7.71868	360	359	23	6.00000	2.00000	1.00000	7.71868	13.71868
2	357,076.33	7.34830	360	359	23	6.00000	2.00000	1.00000	7.34830	13.34830
2	14,096,955.30	8.38301	360	359	23	6.00000	2.00000	1.00000	8.38301	14.38301
2	117,329,748.08	7.55235	359	358	23	6.00000	2.00000	1.00000	7.55235	13.55235
2	51,379,390.75	7.17452	360	359	23	6.00000	2.00000	1.00000	7.17452	13.17452
2	8,924,779.00	8.11222	360	360	24	6.00000	2.00000	1.00000	8.11222	14.11222
2	412,250.00	9.00000	360	360	24	6.00000	2.00000	1.00000	9.00000	15.00000
2	497,250.00	7.75000	360	360	24	6.00000	2.00000	1.00000	7.75000	13.75000
2	482,000.00	7.55000	360	360	24	6.00000	2.00000	1.00000	7.55000	13.55000
2	81,000.00	9.10000	360	360	24	6.00000	2.00000	1.00000	9.10000	15.10000
2	2,292,975.00	8.47567	360	360	24	6.00000	2.00000	1.00000	8.47567	14.47567
2	128,250.00	8.02500	360	360	24	6.00000	2.00000	1.00000	8.02500	14.02500
2	199,050.00	9.03116	360	360	24	6.00000	2.00000	1.00000	9.03116	15.03116
2	201,000.00	8.90522	360	360	24	6.55830	2.00000	1.00000	8.90522	14.90522
2	376,000.00	6.45000	360	360	24	6.00000	2.00000	1.00000	6.45000	12.45000
2	11,586,030.00	7.62695	360	360	24	6.00000	2.00000	1.00000	7.62695	13.62695
2	4,480,550.00	7.32693	360	360	24	6.00000	2.00000	1.00000	7.32693	13.32693

Annex I: Assumed Mortgage Loan Characteristics

Group Code	Aggregate Principal Balance (\$)	Gross Mortgage Rate (%)	Original Term to Maturity (months)	Remaining Term to Maturity (months)	Months To Next Adjustment . Date	Gross Margin (%)	Initial Periodic Rate Cap (%)	Periodic Rate Cap (%)	Minimum Mortgage Rate (%)	Maximum Mortgage Rate (%)
2	107,447.70	6.87500	360	354	30	6.00000	2.00000	1.00000	6.87500	12.87500
2	59,777.99	8.50000	360	354	30	6.00000	2.00000	1.00000	8.50000	14.50000
2	322,423.20	8.87854	360	355	31	6.43862	2.00000	1.00000	8.87854	14.87854
2	455,602.22	7.40195	360	356	32	5.85225	2.00000	1.00000	7.40195	13.40195
2	386,268.94	9.75000	360	356	32	6.00000	2.00000	1.00000	9.75000	15.75000
2	373,129.82	8.75000	360	356	32	6.00000	2.00000	1.00000	8.75000	14.75000
2	652,571.92	8.12786	359	355	32	6.00000	2.00000	1.00000	8.12786	14.12786
2	145,310.14	7.95000	358	355	33	6.00000	2.00000	1.00000	7.95000	13.95000
2	104,983.94	6.00000	360	357	33	6.00000	2.00000	1.00000	6.00000	12.00000
2	98,685.46	5.70000	360	357	33	6.00000	2.00000	1.00000	5.70000	11.70000
2	739,684.25	7.90650	360	358	34	5.41691	2.00000	1.00000	7.90650	13.90650
2	203,760.72	8.67500	360	358	34	6.00000	2.00000	1.00000	8.67500	14.67500
2	63,915.56	8.10000	360	358	34	6.00000	2.00000	1.00000	8.10000	14.10000
2	3,269,860.12	6.40494	360	358	34	6.00000	2.00000	1.00000	6.40494	12.40494
2	64,749,782.88	7.25409	360	359	35	5.61152	2.00000	1.00000	7.25409	13.25409
2	115,930.44	8.55000	360	359	35	6.00000	2.00000	1.00000	8.55000	14.55000
2	64,370.58	9.85000	360	359	35	6.00000	2.00000	1.00000	9.85000	15.85000
2	376,697.01	7.10000	360	359	35	6.00000	2.00000	1.00000	7.10000	13.10000
2	1,596,246.06	7.89568	349	348	35	6.00000	2.00000	1.00000	7.89568	13.89568
2	113,925.80	8.15000	360	359	35	4.00000	2.00000	1.00000	8.15000	14.15000
2	697,511.77	7.80209	360	359	35	6.00000	2.00000	1.00000	7.80209	13.80209
2	451,698.51	8.08579	360	359	35	6.00000	2.00000	1.00000	8.08579	14.08579
2	124,128.80	8.80000	360	359	35	6.00000	2.00000	1.00000	8.80000	14.80000
2	816,673.57	7.04796	360	359	35	6.00000	2.00000	1.00000	7.04796	13.04796
2	103,440.45	8.75000	360	359	35	6.00000	2.00000	1.00000	8.75000	14.75000
2	295,741.51	7.84823	360	359	35	6.00000	2.00000	1.00000	7.84823	13.84823
2	791,599.37	7.06368	360	359	35	6.00000	2.00000	1.00000	7.06368	13.06368
2	23,054,247.19	7.21533	359	358	35	6.01010	2.00000	1.00000	7.21533	13.21533
2	2,133,125.00	7.76975	360	360	36	5.47647	2.00000	1.00000	7.76975	13.76975
2	63,750.00	9.90000	360	360	36	6.00000	2.00000	1.00000	9.90000	15.90000
2	232,500.00	9.02535	360	360	36	6.00000	2.00000	1.00000	9.02535	15.02535
2	156,350.00	9.05355	360	360	36	6.00000	2.00000	1.00000	9.05355	15.05355
2	79,200.00	8.85000	360	360	36	6.00000	2.00000	1.00000	8.85000	14.85000
2	2,034,767.00	7.70303	360	360	36	6.00000	2.00000	1.00000	7.70303	13.70303

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DESCRIPTION OF THE TOTAL COLLATERAL
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Collateral Summary		
Statistics given below are for the Mortgage Loans in the pool as of the Cut-off Date. Balances and percentages are based on the Cut-off Date scheduled balances of such Mortgage Loans (except in the case of Debt-to-Income and FICO, which are determined at origination).		
	<u>Summary Statistics</u>	<u>Range (if applicable)</u>
Number of Mortgage Loans:	13,607	
Aggregate Current Principal Balance:	\$2,400,001,991.99	
Average Current Principal Balance:	\$176,379.95	\$58,543.32 - \$761,604.25
Aggregate Original Principal Balance:	\$2,402,224,847.00	
Average Original Principal Balance:	\$176,543.31	\$60,000.00 - \$765,000.00
Fully Amortizing Mortgage Loans:	100.00%	
1st Lien:	98.75%	
Wtd. Avg. Gross Coupon:	7.580%	5.200% - 13.250%
Wtd. Avg. Original Term (months):	358	180 – 360
Wtd. Avg. Remaining Term (months):	356	174– 360
Wtd. Avg. Margin (ARM Loans Only):	5.787%	0.001% - 7.125%
Wtd. Avg. Maximum Mortgage Rate (ARM Loans Only):	13.680%	11.200% - 19.250%
Wtd. Avg. Minimum Mortgage Rate (ARM Loans Only):	7.680%	5.200% - 13.250%
Wtd. Avg. Original LTV:	80.13%	8.70% - 100.00%
Wtd. Avg. Borrower FICO:	613	500 – 813
Geographic Distribution (Top 5):	CA: 22.55% FL: 13.43% IL: 7.94% NY: 7.05% AZ: 5.55%	

⁽¹⁾ The loan-to-value ("LTV") of a first-lien mortgage at any given time is a fraction, expressed as a percentage, the numerator of which is the principal balance of the mortgage loan at the date of origination and the denominator of which is the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan. The LTV of a second lien mortgage loan at any given time is a fraction, expressed as a percentage the numerator of which is (i) the sum of (a) the principal balance of such mortgage loan at the date of origination plus (b) the outstanding balance of the senior mortgage loan at the date of origination of such mortgage loan and the denominator of which is (ii) the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan.

DESCRIPTION OF THE TOTAL COLLATERAL

Collateral Type

COLLATERAL TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2 Yr/6 Mo Libor	7,674	\$1,386,629,683.26	57.78	359	38.92	7.755	604	81.62
3 Yr/6 Mo Libor	2,843	533,371,031.95	22.22	358	39.05	7.487	619	80.62
Fixed	3,090	480,001,276.78	20.00	348	38.17	7.177	633	75.28
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Principal Balances at Origination

RANGE OF PRINCIPAL BALANCES AT ORIGINATION (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF ORIGINATION	% OF PRINCIPAL BALANCE AS OF ORIGINATION	REMAINING TERM TO MATURITY (months)*	DEBT-TO- INCOME (%)*	GROSS COUPON (%)*	FICO*	OLTV (%)*
50,000.01 - 100,000.00	3,458	\$277,395,078.00	11.55	352	36.24	8.293	610	81.18
100,000.01 - 150,000.00	3,706	459,666,653.00	19.14	355	37.93	7.788	611	80.70
150,000.01 - 200,000.00	2,417	421,453,518.00	17.54	357	38.95	7.586	610	79.95
200,000.01 - 250,000.00	1,439	321,582,175.00	13.39	357	39.84	7.510	610	79.29
250,000.01 - 300,000.00	951	260,692,633.00	10.85	358	39.64	7.391	616	79.58
300,000.01 - 350,000.00	582	188,410,976.00	7.84	358	39.71	7.203	615	79.66
350,000.01 - 400,000.00	407	152,389,435.00	6.34	359	40.85	7.255	624	80.98
400,000.01 - 450,000.00	252	107,170,235.00	4.46	357	39.62	7.318	619	80.85
450,000.01 - 500,000.00	178	85,063,134.00	3.54	359	36.80	7.332	633	80.44
500,000.01 - 550,000.00	76	40,117,778.00	1.67	359	38.69	7.030	615	78.94
550,000.01 - 600,000.00	66	38,035,723.00	1.58	357	41.78	7.086	614	79.59
600,000.01 - 650,000.00	38	23,855,350.00	0.99	359	38.46	7.256	602	79.16
650,000.01 - 700,000.00	15	10,214,699.00	0.43	359	34.44	7.064	592	72.84
700,000.01 - 750,000.00	21	15,412,460.00	0.64	353	41.41	7.509	591	76.78
750,000.01+	1	765,000.00	0.03	355	24.00	6.650	683	90.00
Total:	13,607	\$2,402,224,847.00	100.00	356	38.80	7.580	613	80.13

*Based on the original balances of the Mortgage Loans.

DESCRIPTION OF THE TOTAL COLLATERAL

Principal Balance as of the Cut-Off Date

RANGE OF PRINCIPAL BALANCES AS OF THE CUT-OFF DATE (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
50,000.01 - 100,000.00	3,461	\$277,427,473.41	11.56	352	36.24	8.294	610	81.18
100,000.01 - 150,000.00	3,705	459,258,336.93	19.14	355	37.93	7.789	611	80.70
150,000.01 - 200,000.00	2,415	420,786,770.27	17.53	357	38.95	7.585	610	79.96
200,000.01 - 250,000.00	1,439	321,285,463.01	13.39	357	39.84	7.511	610	79.29
250,000.01 - 300,000.00	953	261,051,133.47	10.88	358	39.65	7.391	616	79.59
300,000.01 - 350,000.00	581	187,979,077.69	7.83	358	39.71	7.202	615	79.68
350,000.01 - 400,000.00	407	152,296,079.30	6.35	359	40.83	7.252	623	80.96
400,000.01 - 450,000.00	251	106,667,520.78	4.44	357	39.64	7.326	619	80.84
450,000.01 - 500,000.00	178	84,985,001.01	3.54	359	36.80	7.332	633	80.44
500,000.01 - 550,000.00	76	40,075,448.47	1.67	359	38.69	7.031	615	78.94
550,000.01 - 600,000.00	66	37,997,568.67	1.58	357	41.78	7.087	614	79.59
600,000.01 - 650,000.00	39	24,480,879.08	1.02	359	38.20	7.223	604	79.32
650,000.01 - 700,000.00	14	9,552,791.80	0.40	359	34.80	7.137	589	72.01
700,000.01 - 750,000.00	21	15,396,843.85	0.64	353	41.41	7.510	591	76.78
750,000.01+	1	761,604.25	0.03	355	24.00	6.650	683	90.00
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Remaining Term to Maturity

RANGE OF MONTHS REMAINING	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
121 - 180	184	\$20,077,729.01	0.84	179	36.36	7.190	622	70.20
181 - 240	132	18,864,492.85	0.79	239	38.08	6.924	626	72.92
301 - 360	13,291	2,361,059,770.13	98.38	359	38.82	7.588	613	80.27
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

DESCRIPTION OF THE TOTAL COLLATERAL

Mortgage Rate

RANGE OF CURRENT MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
5.000 – 5.499	96	\$28,872,227.45	1.20	355	39.66	5.320	655	73.48
5.500 – 5.999	769	186,072,934.85	7.75	353	39.68	5.805	645	72.68
6.000 – 6.499	1,134	236,453,462.13	9.85	356	39.20	6.245	636	75.83
6.500 – 6.999	2,010	393,323,356.11	16.39	356	38.98	6.745	629	77.20
7.000 – 7.499	1,834	326,045,202.47	13.59	357	38.83	7.231	623	78.77
7.500 – 7.999	2,339	407,380,645.41	16.97	357	38.67	7.746	609	81.36
8.000 – 8.499	1,723	279,722,786.68	11.66	357	38.28	8.221	594	83.26
8.500 – 8.999	1,703	264,720,557.74	11.03	358	38.28	8.720	585	85.19
9.000 – 9.499	931	137,702,254.45	5.74	358	38.13	9.199	588	86.22
9.500 – 9.999	474	69,345,931.88	2.89	358	38.78	9.704	577	85.06
10.000 - 10.499	153	23,423,509.58	0.98	356	38.07	10.199	564	79.65
10.500 - 10.999	169	19,910,290.80	0.83	357	39.78	10.723	616	82.81
11.000 - 11.499	72	8,194,629.63	0.34	359	37.68	11.199	595	81.34
11.500 - 11.999	130	12,775,841.25	0.53	355	42.90	11.731	613	92.60
12.000 - 12.499	69	5,963,881.98	0.25	356	41.79	12.111	617	94.83
13.000 - 13.499	1	94,479.58	0.00	359	32.00	13.250	505	70.00
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Original Loan-to-Value Ratios

RANGE OF ORIGINAL LOAN-TO-VALUE RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
<= 25.00	24	\$2,397,829.50	0.10	354	31.95	7.526	603	21.01
25.01 - 30.00	20	2,404,141.00	0.10	337	31.47	7.425	580	27.84
30.01 - 35.00	35	4,661,450.68	0.19	350	38.14	6.858	591	32.91
35.01 - 40.00	69	9,378,237.19	0.39	346	36.68	6.993	600	37.94
40.01 - 45.00	74	11,698,377.34	0.49	353	38.27	7.124	603	42.91
45.01 - 50.00	135	22,091,823.75	0.92	345	35.59	6.834	610	47.96
50.01 - 55.00	169	29,177,098.35	1.22	345	38.73	7.039	593	52.85
55.01 - 60.00	320	55,763,659.86	2.32	352	38.08	7.109	594	57.98
60.01 - 65.00	550	104,538,641.73	4.36	354	38.78	7.274	594	63.31
65.01 - 70.00	756	142,244,028.54	5.93	355	39.94	7.382	581	68.75
70.01 - 75.00	1,303	249,068,597.91	10.38	356	40.03	7.448	582	74.11
75.01 - 80.00	4,516	822,061,263.94	34.25	357	39.36	7.126	624	79.67
80.01 - 85.00	1,277	233,263,110.10	9.72	357	38.46	7.530	603	84.43
85.01 - 90.00	2,839	472,209,262.56	19.68	358	37.13	8.171	617	89.78
90.01 - 95.00	1,054	192,960,222.44	8.04	358	39.04	8.325	640	94.87
95.01 - 100.00	466	46,084,247.10	1.92	356	40.26	10.363	682	99.98
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

DESCRIPTION OF THE TOTAL COLLATERAL

FICO Score at Origination

RANGE OF FICO SCORES	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
500 - 519	775	\$123,568,757.16	5.15	357	41.19	8.467	510	75.82
520 - 539	1,228	210,604,167.22	8.78	358	40.45	8.195	530	76.25
540 - 559	1,398	242,032,654.85	10.08	357	39.33	8.084	551	77.92
560 - 579	1,224	216,118,454.37	9.00	357	38.52	7.879	569	78.86
580 - 599	1,326	241,262,992.75	10.05	356	39.21	7.515	589	79.50
600 - 619	1,611	297,979,874.01	12.42	357	39.22	7.308	609	80.41
620 - 639	1,621	276,414,017.08	11.52	354	38.57	7.409	629	80.65
640 - 659	1,306	222,806,791.91	9.28	356	38.63	7.290	650	82.13
660 - 679	967	176,657,853.65	7.36	355	37.96	7.179	669	82.28
680 - 699	820	155,829,332.68	6.49	357	38.01	7.088	689	82.99
700 - 719	535	89,514,893.52	3.73	355	37.39	7.351	709	84.29
720 - 739	376	68,767,401.34	2.87	357	37.13	7.350	729	83.91
740 - 759	203	35,348,444.82	1.47	357	34.11	7.169	750	82.92
760 - 779	136	27,175,176.78	1.13	358	36.25	7.187	768	83.37
780 - 799	71	14,461,938.06	0.60	356	32.65	7.034	788	78.90
800+	10	1,459,241.79	0.06	359	37.25	7.220	804	87.41
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Debt-to-Income Ratio

RANGE OF DEBT-TO-INCOME RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
<= 25.00	1,600	\$262,226,474.93	10.93	355	17.96	7.639	625	79.41
25.01 - 30.00	1,285	196,207,787.81	8.18	355	28.22	7.559	615	78.96
30.01 - 35.00	1,769	293,259,053.37	12.22	356	33.17	7.600	615	80.29
35.01 - 40.00	2,354	403,918,246.63	16.83	357	38.10	7.568	616	80.37
40.01 - 45.00	2,883	521,345,131.89	21.72	357	43.13	7.601	615	81.35
45.01 - 50.00	3,237	619,385,516.48	25.81	357	48.05	7.584	609	81.74
50.01 - 55.00	479	103,659,780.88	4.32	354	53.07	7.331	578	67.07
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

DESCRIPTION OF THE TOTAL COLLATERAL

Geographic Distribution

STATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLT V (%)
California	2,097	541,111,003.95	22.55	357	39.91	7.208	610	76.21
Florida	1,917	322,258,865.97	13.43	357	38.93	7.665	615	81.22
Illinois	1,035	190,628,528.11	7.94	358	39.50	7.649	630	81.63
New York	589	169,086,623.96	7.05	355	39.98	7.118	628	75.48
Arizona	899	133,206,853.78	5.55	355	37.79	7.721	616	83.56
Michigan	942	110,337,087.60	4.60	358	37.96	8.101	602	85.45
Texas	908	110,495,370.45	4.60	348	37.24	7.904	607	82.81
New Jersey	365	88,285,253.74	3.68	357	38.86	7.487	609	77.19
Maryland	419	86,643,137.49	3.61	358	38.56	7.541	599	78.63
Nevada	313	60,898,815.75	2.54	356	37.84	7.653	615	80.77
Georgia	324	48,826,353.52	2.03	357	36.56	8.097	617	85.69
Massachusetts	188	43,688,825.68	1.82	358	40.00	7.282	650	79.83
Minnesota	226	39,985,766.17	1.67	359	39.30	7.716	611	79.73
Missouri	340	37,792,706.89	1.57	357	37.43	8.300	594	85.29
Washington	199	34,661,355.66	1.44	356	37.85	7.699	604	81.03
Pennsylvania	264	33,132,097.59	1.38	354	37.30	7.917	592	78.83
Connecticut	137	28,930,816.07	1.21	358	37.65	7.613	621	79.43
Indiana	280	28,953,686.64	1.21	357	36.11	7.760	622	84.72
Wisconsin	223	29,047,694.08	1.21	359	41.02	8.203	596	82.88
Utah	166	24,721,240.39	1.03	359	35.96	7.671	630	85.00
Colorado	131	23,318,229.07	0.97	359	40.37	7.636	599	82.22
North Carolina	175	21,030,685.65	0.88	352	37.37	7.967	613	84.85
Ohio	178	19,175,597.19	0.80	354	37.10	7.993	600	83.96
Tennessee	169	18,843,700.10	0.79	357	37.85	8.012	593	85.36
Hawaii	55	17,345,998.59	0.72	359	39.74	6.576	646	74.56
Louisiana	150	16,898,799.58	0.70	351	38.46	7.737	601	81.88
Oregon	77	13,195,404.08	0.55	357	40.84	7.814	605	79.90
Rhode Island	61	12,086,140.88	0.50	359	37.83	7.586	616	79.24
Kentucky	98	11,778,991.13	0.49	357	35.84	7.698	599	82.37
Oklahoma	95	10,090,498.33	0.42	357	36.71	8.374	597	86.11
Alabama	91	\$9,196,939.66	0.38	353	35.70	8.570	593	84.05
New Mexico	58	6,904,423.23	0.29	359	35.51	8.165	630	85.43
Mississippi	56	6,795,159.40	0.28	357	36.69	8.333	574	86.07
Delaware	39	6,277,752.29	0.26	359	38.34	7.359	608	79.80
South Carolina	60	6,257,953.85	0.26	357	38.46	8.142	589	83.52
Alaska	35	5,535,201.33	0.23	359	37.87	7.778	619	83.32
Iowa	54	5,177,801.58	0.22	355	37.97	7.742	599	82.14
Kansas	41	5,118,056.30	0.21	359	38.01	8.397	596	87.17
Maine	25	4,082,185.31	0.17	350	37.43	6.735	635	77.90
New Hampshire	19	3,965,868.41	0.17	351	39.05	7.522	610	81.71
Nebraska	30	3,694,930.09	0.15	359	41.13	7.516	626	84.19
Arkansas	29	3,315,370.76	0.14	359	36.27	7.827	592	83.28
Idaho	20	2,908,784.96	0.12	355	30.53	7.883	634	77.41
Montana	6	1,221,866.35	0.05	359	19.92	7.224	639	85.29
Wyoming	10	1,248,414.43	0.05	359	37.96	7.375	600	78.24
North Dakota	7	839,649.82	0.03	358	31.12	7.726	613	84.49
Vermont	4	723,094.56	0.03	359	35.61	7.806	607	77.76
South Dakota	3	282,411.57	0.01	359	36.29	7.324	658	79.18
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

DESCRIPTION OF THE TOTAL COLLATERAL

Occupancy Status

OCCUPANCY STATUS*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Owner Occupied	11,961	2,155,165,641.27	89.80	356	39.63	7.514	608	79.69
Non-Owner Occupied	1,528	\$226,118,270.13	9.42	357	30.75	8.236	660	84.42
Second Home	118	18,718,080.59	0.78	358	40.12	7.258	645	79.37
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

*Based on mortgagor representation at origination.

Documentation Type

INCOME DOCUMENTATION	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Full Documentation	7,169	\$1,198,468,959.57	49.94	355	39.05	7.257	599	78.43
Limited Documentation	973	200,916,619.80	8.37	356	34.79	7.470	603	80.54
Stated Documentation	5,465	1,000,616,412.62	41.69	358	39.30	7.989	633	82.09
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Loan Purpose

PURPOSE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Refinance-Debt Consolidation Cash Out**	6,875	\$1,283,325,555.91	53.47	355	39.15	7.455	592	75.91
Purchase Refinance-Debt Consolidation No Cash Out***	5,794	980,930,879.12	40.87	358	38.40	7.763	642	85.62
	938	135,745,556.96	5.66	352	38.37	7.431	606	80.43
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

** Cash proceeds to the borrower inclusive of debt consolidation payments exceed 2% or \$2,000 of the original principal balance of the related loan. Also includes all home equity loans originated in Texas with any cash proceeds.

*** Cash proceeds to the borrower inclusive of debt consolidation payments do not exceed 2% or \$2,000 of the original principal balance of the related loan. Excludes home equity loans originated in Texas with any cash proceeds.

DESCRIPTION OF THE TOTAL COLLATERAL

Credit Grade

RISK CATEGORY*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
I	9,907	\$1,717,886,824.14	71.58	356	38.48	7.415	631	81.57
II	912	176,004,182.65	7.33	357	39.20	7.740	582	79.37
III	1,040	184,697,742.80	7.70	357	39.32	7.734	573	78.53
IV	946	173,207,718.09	7.22	357	39.32	7.968	571	77.36
V	611	113,614,785.69	4.73	358	40.57	8.240	551	71.09
VI	188	33,847,280.30	1.41	358	40.96	10.086	547	64.49
A+	1	288,473.87	0.01	355	40.00	5.800	608	67.44
A	1	62,911.98	0.00	355	48.00	12.200	514	75.00
C-	1	392,072.47	0.02	355	48.00	5.500	662	95.00
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

* Letters correspond to risk categories of Olympus Mortgage Company and numerals correspond to risk categories of Argent Mortgage Company, LLC.

Property Type

PROPERTY TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Single Family Residence	10,065	1,736,359,517.97	72.35	356	38.99	7.546	609	79.98
PUD Detached	1,490	291,259,738.37	12.14	357	38.59	7.598	612	81.99
2-4 Family	908	\$208,227,376.65	8.68	357	37.96	7.608	637	78.85
Condominium	807	129,042,940.14	5.38	358	38.82	7.769	636	81.16
Manufactured Housing	268	23,926,354.04	1.00	350	34.22	8.568	600	73.66
PUD Attached	52	9,084,885.41	0.38	359	39.27	7.492	627	79.54
Single Family Attached	17	2,101,179.41	0.09	354	40.82	7.881	613	84.95
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Prepayment Charge Term

PREPAYMENT CHARGE TERM AT ORIGINATION (MONTHS)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
No Prepayment Penalty	4,328	\$790,610,928.03	32.94	356	38.79	7.785	620	80.91
12	508	117,843,371.06	4.91	355	39.78	7.493	625	76.83
24	4,435	767,739,113.01	31.99	358	38.65	7.688	605	81.59
36	4,336	723,808,579.89	30.16	355	38.80	7.254	612	78.28
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

Conforming Balances

CONFORMING BALANCE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Conforming Balance	12,564	\$1,992,730,123.09	83.03	356	38.67	7.608	612	79.91
Non-Conforming Balance	1,043	407,271,868.90	16.97	358	39.42	7.441	620	81.24
Total:	13,607	\$2,400,001,991.99	100.00	356	38.80	7.580	613	80.13

DESCRIPTION OF THE TOTAL COLLATERAL

Maximum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MAXIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
11.000 - 11.499	83	22,716,790.39	1.18	356	40.37	5.342	635	75.87
11.500 - 11.999	443	97,337,559.92	5.07	358	40.41	5.776	633	74.70
12.000 - 12.499	751	160,741,910.09	8.37	359	39.73	6.257	634	77.51
12.500 - 12.999	1,411	286,636,090.88	14.93	359	39.48	6.751	629	78.44
13.000 - 13.499	1,453	271,435,032.08	14.14	359	38.98	7.236	623	79.39
13.500 - 13.999	1,947	357,697,326.16	18.63	358	38.72	7.747	610	82.21
14.000 - 14.499	1,473	249,608,999.37	13.00	358	38.37	8.224	591	84.04
14.500 - 14.999	1,485	243,120,886.17	12.66	359	38.39	8.721	585	85.92
15.000 - 15.499	789	124,695,757.11	6.49	359	38.28	9.198	584	86.48
15.500 - 15.999	417	63,498,025.89	3.31	359	38.91	9.702	576	85.54
16.000 - 16.499	139	21,875,577.95	1.14	357	38.38	10.200	564	79.84
16.500 - 16.999	73	11,728,936.38	0.61	359	39.56	10.720	542	72.25
17.000 - 17.499	30	4,820,352.06	0.25	359	36.93	11.176	529	68.28
17.500 - 17.999	15	3,093,088.75	0.16	359	43.99	11.627	517	69.59
18.000 - 18.499	7	899,902.43	0.05	359	38.13	12.190	528	67.51
19.000 - 19.499	1	\$94,479.58	0.00	359	32.00	13.250	505	70.00
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

Minimum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MINIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
5.000 - 5.499	83	\$22,716,790.39	1.18	356	40.37	5.342	635	75.87
5.500 - 5.999	443	97,337,559.92	5.07	358	40.41	5.776	633	74.70
6.000 - 6.499	751	160,741,910.09	8.37	359	39.73	6.257	634	77.51
6.500 - 6.999	1,411	286,636,090.88	14.93	359	39.48	6.751	629	78.44
7.000 - 7.499	1,453	271,435,032.08	14.14	359	38.98	7.236	623	79.39
7.500 - 7.999	1,947	357,697,326.16	18.63	358	38.72	7.747	610	82.21
8.000 - 8.499	1,473	249,608,999.37	13.00	358	38.37	8.224	591	84.04
8.500 - 8.999	1,485	243,120,886.17	12.66	359	38.39	8.721	585	85.92
9.000 - 9.499	789	124,695,757.11	6.49	359	38.28	9.198	584	86.48
9.500 - 9.999	417	63,498,025.89	3.31	359	38.91	9.702	576	85.54
10.000 - 10.499	139	21,875,577.95	1.14	357	38.38	10.200	564	79.84
10.500 - 10.999	73	11,728,936.38	0.61	359	39.56	10.720	542	72.25
11.000 - 11.499	30	4,820,352.06	0.25	359	36.93	11.176	529	68.28
11.500 - 11.999	15	3,093,088.75	0.16	359	43.99	11.627	517	69.59
12.000 - 12.499	7	899,902.43	0.05	359	38.13	12.190	528	67.51
13.000 - 13.499	1	94,479.58	0.00	359	32.00	13.250	505	70.00
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

Gross Margins of the Adjustable-Rate Loans

RANGE OF GROSS MARGINS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
0.000 - 3.999	1	\$288,473.87	0.02	355	40.00	5.800	608	67.44
4.000 - 4.249	993	197,134,127.57	10.27	358	39.68	7.575	634	81.70
4.500 - 4.749	33	5,306,447.46	0.28	356	38.55	7.782	630	83.62
5.000 - 5.249	38	6,194,055.15	0.32	357	41.36	7.768	600	80.73
5.500 - 5.749	1	392,072.47	0.02	355	48.00	5.500	662	95.00
6.000 - 6.249	9,435	1,707,937,164.91	88.96	359	38.86	7.692	605	81.30
6.250 - 6.499	3	519,822.94	0.03	357	34.22	8.044	573	82.91
6.500 - 6.749	4	934,971.01	0.05	357	35.56	7.802	568	80.59
6.750 - 6.999	1	140,881.23	0.01	358	54.00	10.250	568	75.00
7.000 - 7.249	8	1,152,698.60	0.06	358	38.20	7.909	591	78.86
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

DESCRIPTION OF THE TOTAL COLLATERAL

Next Rate Adjustment Date of the Adjustable-Rate Loans

NEXT RATE ADJUSTMENT DATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
November 2006	1	\$321,672.93	0.02	353	45.00	6.200	670	80.00
December 2006	7	1,997,256.34	0.10	354	36.08	7.071	612	78.19
January 2007	23	4,454,896.89	0.23	355	38.46	7.667	610	84.38
February 2007	109	23,855,969.91	1.24	356	39.11	8.162	590	83.66
March 2007	104	14,154,672.48	0.74	357	38.91	8.080	613	85.34
April 2007	508	93,187,185.33	4.85	357	38.31	7.652	601	81.86
May 2007	6,416	1,154,293,822.38	60.12	359	39.04	7.723	605	81.42
June 2007	506	94,364,207.00	4.91	360	38.06	8.118	607	82.73
December 2007	3	234,536.83	0.01	354	37.60	8.143	567	86.84
January 2008	13	3,020,455.11	0.16	355	40.96	7.467	597	80.53
February 2008	43	9,395,133.94	0.49	351	37.69	7.858	628	86.04
March 2008	36	5,751,987.07	0.30	357	36.51	7.660	612	84.44
April 2008	118	22,048,784.97	1.15	358	39.74	7.566	614	80.31
May 2008	2,394	463,542,254.03	24.14	358	39.12	7.436	619	80.28
June 2008	236	29,377,880.00	1.53	360	38.12	8.079	632	83.72
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

Initial Periodic Rate Cap of the Adjustable-Rate Loans

INITIAL PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2.000	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

Periodic Rate Cap of the Adjustable-Rate Loans

PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
1.000	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34
Total:	10,517	\$1,920,000,715.21	100.00	358	38.95	7.680	608	81.34

DESCRIPTION OF THE GROUP I MORTGAGE LOANS

Collateral Summary

Statistics given below are for the Mortgage Loans in the pool as of the Cut-off Date. Balances and percentages are based on the Cut-off Date scheduled balances of such Mortgage Loans (except in the case of Debt-to-Income and FICO, which are determined at origination).

	<u>Summary Statistics</u>	<u>Range (if applicable)</u>
Number of Mortgage Loans:	10,829	
Aggregate Current Principal Balance:	\$1,798,381,378.50	
Average Current Principal Balance:	\$166,070.86	\$59,713.50 - \$649,346.71
Aggregate Original Principal Balance:	\$1,799,996,592.00	
Average Original Principal Balance:	\$166,220.02	\$60,000.00 - \$650,000.00
Fully Amortizing Mortgage Loans:	100.00%	
1st Lien:	100.00%	
Wtd. Avg. Gross Coupon:	7.574%	5.200% - 12.300%
Wtd. Avg. Original Term (months):	358	180 - 360
Wtd. Avg. Remaining Term (months):	357	174 – 360
Wtd. Avg. Margin (ARM Loans Only):	5.754%	0.001% - 7.125%
Wtd. Avg. Maximum Mortgage Rate (ARM Loans Only):	13.708%	11.200% - 18.300%
Wtd. Avg. Minimum Mortgage Rate (ARM Loans Only):	7.708%	5.200% - 12.300%
Wtd. Avg. Original LTV ⁽¹⁾:	79.93%	12.50% - 100.00%
Wtd. Avg. Borrower FICO:	613	500 – 813
Geographic Distribution (Top 5):	CA: 17.26% FL: 14.67% IL: 9.49% NY: 6.29% AZ: 6.03%	

⁽¹⁾The loan-to-value("LTV") of a first-lien mortgage at any given time is a fraction, expressed as a percentage, the numerator of which is the principal balance of the mortgage loan at the date of origination and the denominator of which is the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan. The LTV of a second lien mortgage loan at any given time is a fraction, expressed as a percentage the numerator of which is (i) the sum of (a) the principal balance of such mortgage loan at the date of origination plus (b) the outstanding balance of the senior mortgage loan at the date of origination of such mortgage loan and the denominator of which is (ii) the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan.

DESCRIPTION OF GROUP I MORTGAGE LOANS

Collateral Type

COLLATERAL TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2 Yr/6 Mo Libor	6,391	\$1,055,133,462.71	58.67	359	39.32	7.780	606	81.65
3 Yr/6 Mo Libor	2,458	428,335,924.03	23.82	358	39.35	7.532	619	80.64
Fixed	1,980	\$314,911,991.76	17.51	348	38.70	6.942	625	73.17
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Principal Balances at Origination

RANGE OF PRINCIPAL BALANCES AT ORIGINATION (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF ORIGINATION	% OF PRINCIPAL BALANCE AS OF ORIGINATION	REMAINING TERM TO MATURITY (months)*	DEBT-TO- INCOME (%)*	GROSS COUPON (%)*	FICO*	OLTV (%)*
50,000.01 - 100,000.00	2,283	\$187,495,867.00	10.42	352	36.40	8.051	606	80.43
100,000.01 - 150,000.00	3,238	403,727,074.00	22.43	356	38.18	7.718	611	80.43
150,000.01 - 200,000.00	2,292	399,612,966.00	22.20	357	39.26	7.591	611	80.06
200,000.01 - 250,000.00	1,372	306,665,201.00	17.04	357	40.13	7.515	610	79.30
250,000.01 - 300,000.00	892	244,461,445.00	13.58	358	40.44	7.408	616	79.57
300,000.01 - 350,000.00	550	178,075,041.00	9.89	358	40.64	7.191	616	79.62
350,000.01 - 400,000.00	134	49,218,199.00	2.73	359	41.29	7.193	636	80.37
400,000.01 - 450,000.00	43	18,245,030.00	1.01	356	40.23	7.383	636	80.58
450,000.01 - 500,000.00	19	9,110,019.00	0.51	359	37.39	7.320	628	77.65
500,000.01 - 550,000.00	4	2,102,000.00	0.12	359	32.54	6.685	662	72.99
600,000.01 - 650,000.00	2	1,283,750.00	0.07	359	48.44	6.468	660	62.85
Total:	10,829	\$1,799,996,592.00	100.00	357	39.22	7.574	613	79.93

*Based on the original balances of the Mortgage Loans.

DESCRIPTION OF GROUP I MORTGAGE LOANS

Principal Balance as of the Cut-Off Date

RANGE OF PRINCIPAL BALANCES AS OF THE CUT-OFF DATE (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
50,000.01 - 100,000.00	2,284	\$187,425,221.22	10.42	352	36.41	8.051	606	80.44
100,000.01 - 150,000.00	3,239	403,576,349.36	22.44	356	38.18	7.719	611	80.43
150,000.01 - 200,000.00	2,290	398,967,529.00	22.18	357	39.26	7.591	611	80.07
200,000.01 - 250,000.00	1,372	306,387,837.88	17.04	357	40.13	7.515	610	79.31
250,000.01 - 300,000.00	894	244,839,160.30	13.61	358	40.44	7.408	616	79.58
300,000.01 - 350,000.00	549	177,653,432.78	9.88	358	40.64	7.191	616	79.64
350,000.01 - 400,000.00	133	48,823,851.43	2.71	359	41.29	7.196	636	80.26
400,000.01 - 450,000.00	43	18,224,461.26	1.01	356	40.23	7.384	636	80.57
450,000.01 - 500,000.00	19	9,101,228.87	0.51	359	37.39	7.320	628	77.65
500,000.01 - 550,000.00	4	2,099,729.17	0.12	359	32.54	6.685	662	72.99
600,000.01 - 650,000.00	2	1,282,577.23	0.07	359	48.44	6.468	660	62.85
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Remaining Term to Maturity

RANGE OF MONTHS REMAINING	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
121 - 180	130	\$14,864,441.72	0.83	179	36.68	7.113	619	69.41
181 - 240	84	12,079,279.81	0.67	239	39.37	6.890	621	73.35
301 - 360	10,615	1,771,437,656.97	98.50	359	39.24	7.583	613	80.06
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

DESCRIPTION OF GROUP I MORTGAGE LOANS

Mortgage Rate

RANGE OF CURRENT MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
5.000 - 5.499	57	\$12,932,824.71	0.72	356	41.11	5.341	654	73.83
5.500 - 5.999	577	120,915,166.86	6.72	352	40.23	5.804	643	71.67
6.000 - 6.499	895	166,049,511.81	9.23	356	39.81	6.245	636	75.07
6.500 - 6.999	1,702	308,990,998.74	17.18	356	39.46	6.746	631	76.95
7.000 - 7.499	1,574	260,710,846.48	14.50	357	39.15	7.234	624	78.52
7.500 - 7.999	1,962	323,999,979.10	18.02	357	39.27	7.746	611	81.20
8.000 - 8.499	1,371	211,130,510.04	11.74	358	38.47	8.222	595	83.67
8.500 - 8.999	1,380	205,243,013.22	11.41	358	38.85	8.724	585	85.27
9.000 - 9.499	691	100,638,322.09	5.60	358	38.15	9.202	587	86.98
9.500 - 9.999	383	54,150,936.86	3.01	358	39.29	9.707	576	85.32
10.000 - 10.499	132	18,443,877.05	1.03	356	38.93	10.21	566	80.08
10.500 - 10.999	64	9,589,261.77	0.53	358	39.51	10.718	546	73.13
11.000 - 11.499	24	3,224,142.37	0.18	359	41.77	11.152	531	67.80
11.500 - 11.999	10	1,464,155.59	0.08	359	47.94	11.656	526	68.13
12.000 - 12.499	7	897,831.81	0.05	359	40.86	12.183	527	68.22
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Original Loan-to-Value Ratios

RANGE OF ORIGINAL LOAN-TO-VALUE RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
<= 25.00	21	\$2,199,148.75	0.12	359	33.20	7.519	604	21.37
25.01 - 30.00	19	2,289,254.40	0.13	336	31.19	7.494	577	27.83
30.01 - 35.00	29	4,216,942.23	0.23	352	37.78	6.706	596	32.85
35.01 - 40.00	59	8,079,613.86	0.45	353	37.27	6.940	602	37.94
40.01 - 45.00	63	10,171,719.12	0.57	355	39.42	7.131	609	42.87
45.01 - 50.00	108	17,665,471.51	0.98	343	36.36	6.911	606	47.90
50.01 - 55.00	134	21,759,891.72	1.21	343	37.91	7.021	591	52.82
55.01 - 60.00	256	43,979,712.80	2.45	354	38.30	7.090	591	57.99
60.01 - 65.00	401	70,693,512.05	3.93	354	39.63	7.294	588	63.32
65.01 - 70.00	603	111,920,087.33	6.22	356	40.12	7.395	580	68.73
70.01 - 75.00	962	172,064,113.39	9.57	356	40.29	7.452	580	74.09
75.01 - 80.00	3,799	637,042,653.94	35.42	357	39.78	7.161	627	79.71
80.01 - 85.00	1,022	167,274,343.23	9.30	357	38.85	7.618	601	84.42
85.01 - 90.00	2,356	368,389,963.36	20.48	358	37.92	8.227	615	89.79
90.01 - 95.00	901	147,439,622.89	8.20	358	39.47	8.367	640	94.88
95.01 - 100.00	96	13,195,327.92	0.73	356	39.79	8.943	678	99.99
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

DESCRIPTION OF GROUP I MORTGAGE LOANS

FICO Score at Origination

RANGE OF FICO SCORES	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
500 - 519	619	\$94,854,122.72	5.27	357	41.48	8.442	510	76.14
520 - 539	967	156,671,577.36	8.71	358	40.92	8.201	530	76.27
540 - 559	1,126	179,577,358.40	9.99	357	40.05	8.109	550	77.85
560 - 579	978	161,085,879.78	8.96	357	38.85	7.918	569	78.40
580 - 599	1,062	179,137,668.89	9.96	356	39.50	7.565	589	79.58
600 - 619	1,324	224,385,226.37	12.48	356	39.39	7.329	609	80.47
620 - 639	1,310	216,468,392.61	12.04	355	39.11	7.324	629	80.24
640 - 659	1,044	172,148,219.10	9.57	356	38.79	7.229	649	81.64
660 - 679	776	133,925,655.41	7.45	356	38.69	7.185	669	81.97
680 - 699	658	113,179,139.39	6.29	358	38.46	7.175	689	82.93
700 - 719	392	65,541,638.67	3.64	356	37.10	7.244	709	83.69
720 - 739	271	48,479,699.14	2.70	357	38.09	7.193	728	83.03
740 - 759	148	24,909,310.04	1.39	356	34.83	7.138	749	82.05
760 - 779	98	18,606,551.62	1.03	359	37.00	6.989	768	82.38
780 - 799	46	7,951,697.21	0.44	359	32.58	7.299	788	81.25
800 - 819	10	1,459,241.79	0.08	359	37.25	7.220	804	87.41
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Debt-to-Income Ratio

RANGE OF DEBT-TO-INCOME RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
<= 25.00	1,115	\$164,919,743.11	9.17	356	19.38	7.669	624	78.67
25.01 - 30.00	1,026	151,808,294.34	8.44	355	28.23	7.616	614	79.28
30.01 - 35.00	1,437	227,397,424.99	12.64	357	33.16	7.603	617	80.05
35.01 - 40.00	1,892	313,042,309.86	17.41	357	38.07	7.550	617	80.32
40.01 - 45.00	2,332	403,692,390.97	22.45	357	43.13	7.567	614	80.86
45.01 - 50.00	2,649	465,054,698.69	25.86	357	48.04	7.575	608	81.52
50.01 - 55.00	378	72,466,516.54	4.03	353	52.97	7.319	576	66.65
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

DESCRIPTION OF GROUP I MORTGAGE LOANS

Geographic Distribution

STATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
California	1,382	\$310,468,295.37	17.26	357	40.22	7.120	604	73.49
Florida	1,591	263,907,431.99	14.67	357	39.48	7.612	617	81.41
Illinois	961	170,652,842.35	9.49	358	39.69	7.606	630	81.44
New York	443	113,073,822.61	6.29	355	39.98	7.145	624	74.27
Arizona	733	108,475,369.18	6.03	356	38.21	7.739	617	83.98
Texas	836	96,612,281.18	5.37	349	37.81	7.888	606	82.51
Michigan	750	90,403,770.92	5.03	359	38.52	8.098	604	86.29
New Jersey	316	68,349,559.88	3.80	356	39.58	7.559	607	76.26
Maryland	322	62,745,822.36	3.49	358	38.64	7.493	598	77.86
Nevada	254	47,292,616.43	2.63	357	39.18	7.559	615	80.32
Georgia	287	42,578,147.10	2.37	357	37.27	8.063	617	85.71
Massachusetts	151	35,580,458.41	1.98	358	40.25	7.162	650	78.33
Minnesota	211	35,208,126.24	1.96	359	40.01	7.654	611	79.61
Missouri	286	32,378,195.48	1.80	357	38.15	8.321	596	85.91
Pennsylvania	216	28,406,161.33	1.58	356	37.96	7.937	596	79.30
Wisconsin	205	26,376,458.59	1.47	359	41.42	8.152	596	82.93
Washington	160	26,103,596.12	1.45	358	39.04	7.576	605	81.01
Connecticut	123	23,003,842.95	1.28	358	37.41	7.603	619	79.53
Utah	150	20,221,997.02	1.12	359	37.81	7.541	632	84.43
North Carolina	144	17,600,271.42	0.98	353	38.42	7.907	615	85.34
Colorado	112	17,288,010.53	0.96	359	40.26	7.523	598	81.94
Tennessee	134	15,778,108.58	0.88	358	39.18	8.000	590	86.10
Hawaii	48	15,608,408.64	0.87	359	39.92	6.505	639	73.39
Ohio	131	14,443,976.17	0.80	355	37.47	7.995	602	84.54
Louisiana	121	14,421,207.26	0.80	353	38.39	7.668	605	82.58
Rhode Island	55	10,612,930.47	0.59	359	38.35	7.449	612	78.52
Oregon	61	10,458,765.88	0.58	357	41.28	7.659	612	79.94
Kentucky	77	9,441,369.14	0.52	357	36.06	7.590	609	83.53
Oklahoma	86	9,310,520.47	0.52	356	37.68	8.373	596	86.03
Alabama	62	6,611,299.79	0.37	355	37.84	8.368	597	85.35
New Mexico	54	6,227,366.18	0.35	359	35.76	8.128	638	85.93
Mississippi	49	6,093,517.74	0.34	357	38.35	8.342	570	86.58
Delaware	37	6,076,013.01	0.34	359	37.92	7.389	607	80.29
Alaska	32	5,029,749.34	0.28	359	38.11	7.689	624	83.88
Kansas	39	4,972,514.13	0.28	359	38.19	8.416	598	87.35
Iowa	46	4,484,854.05	0.25	355	37.34	7.659	603	82.82
South Carolina	34	4,148,810.59	0.23	359	43.50	7.956	570	85.60
Nebraska	29	3,627,829.00	0.20	359	41.08	7.479	627	84.27
Arkansas	29	3,315,370.76	0.18	359	36.27	7.827	592	83.28
New Hampshire	17	3,295,221.37	0.18	349	41.44	7.594	607	79.91
Maine	17	2,786,207.20	0.15	359	38.10	6.603	640	77.76
Idaho	16	1,906,708.33	0.11	352	37.14	7.794	615	81.42
Wyoming	7	939,551.46	0.05	359	39.02	7.162	605	78.81
Montana	5	675,592.95	0.04	359	28.75	7.527	628	80.51
Vermont	3	653,286.25	0.04	359	34.61	7.790	606	79.30
North Dakota	5	558,213.37	0.03	359	35.68	7.804	625	86.78
South Dakota	2	176,908.91	0.01	359	32.88	7.875	646	78.69
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

DESCRIPTION OF GROUP I MORTGAGE LOANS

Occupancy Status

OCCUPANCY STATUS*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Owner Occupied	9,539	\$1,608,775,897.19	89.46	356	39.97	7.502	607	79.43
Non-Owner Occupied	1,196	175,643,337.62	9.77	358	32.10	8.252	660	84.55
Second Home	94	13,962,143.69	0.78	357	42.45	7.316	645	79.12
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

*Based on mortgagor representation at origination.

Documentation Type

INCOME DOCUMENTATION	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Full Documentation	5,764	\$912,716,624.28	50.75	356	39.62	7.302	597	78.46
Limited Documentation	709	127,946,242.35	7.11	356	37.06	7.430	605	80.43
Stated Documentation	4,356	757,718,511.87	42.13	358	39.10	7.926	633	81.61
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Loan Purpose

PURPOSE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
Refinance-Debt Consolidation Cash Out**	5,400	\$936,709,712.98	52.09	355	39.52	7.495	591	75.59
Purchase	4,688	757,026,095.82	42.09	359	38.86	7.694	641	85.17
Refinance-Debt Consolidation No Cash Out***	741	104,645,569.70	5.82	354	39.15	7.411	606	80.83
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

** Cash proceeds to the borrower inclusive of debt consolidation payments exceed 2% or \$2,000 of the original principal balance of the related loan. Also includes all home equity loans originated in Texas with any cash proceeds.

*** Cash proceeds to the borrower inclusive of debt consolidation payments do not exceed 2% or \$2,000 of the original principal balance of the related loan. Excludes home equity loans originated in Texas with any cash proceeds.

DESCRIPTION OF GROUP I MORTGAGE LOANS

Credit Grade

RISK CATEGORY*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
I	7,945	\$1,307,467,287.44	72.70	356	38.96	7.407	629	81.32
II	694	121,584,638.67	6.76	357	39.85	7.781	579	78.78
III	846	141,642,042.66	7.88	357	39.70	7.769	573	78.37
IV	721	121,563,499.41	6.76	357	40.00	8.006	569	77.18
V	478	82,264,967.12	4.57	358	39.96	8.260	553	70.66
VI	143	23,507,557.35	1.31	358	41.05	9.992	549	64.57
A	1	62,911.98	0.00	355	48.00	12.200	514	75.00
A+	1	288,473.87	0.02	355	40.00	5.800	608	67.44
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

* Letters correspond to risk categories of Olympus Mortgage Company and numerals correspond to risk categories of Argent Mortgage Company, LLC.

Property Type

PROPERTY TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Single Family Residence	8,080	\$1,288,836,211.83	71.67	356	39.29	7.569	608	79.74
PUD Detached	1,246	217,834,745.20	12.11	357	39.45	7.572	612	81.88
2-4 Family	746	173,605,023.98	9.65	357	38.23	7.557	636	78.19
Condominium	693	107,487,281.45	5.98	358	39.44	7.681	637	81.00
Single Family Attached	17	2,101,179.41	0.12	354	40.82	7.881	613	84.95
PUD Attached	47	8,516,936.63	0.47	359	40.24	7.397	628	79.29
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Prepayment Charge Term

PREPAYMENT CHARGE TERM AT ORIGINATION (MONTHS)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
No Prepayment Penalty	3,443	\$603,135,283.90	33.54	356	39.16	7.666	618	80.07
12	411	81,841,800.63	4.55	354	39.74	7.524	621	76.48
24	3,705	596,836,671.63	33.19	358	39.03	7.716	607	81.63
36	3,270	516,567,622.34	28.72	355	39.43	7.311	611	78.34
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

Conforming Balance

CONFORMING BALANCE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Conforming Balance	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93
Total:	10,829	\$1,798,381,378.50	100.00	357	39.22	7.574	613	79.93

DESCRIPTION OF GROUP I MORTGAGE LOANS

Maximum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MAXIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
11.000 - 11.499	55	\$12,280,580.74	0.83	355	40.79	5.348	649	74.73
11.500 - 11.999	354	68,865,613.07	4.64	357	40.81	5.777	637	74.10
12.000 - 12.499	607	113,546,159.11	7.65	359	39.97	6.255	634	76.85
12.500 - 12.999	1,208	223,691,307.62	15.08	359	40.06	6.752	632	78.35
13.000 - 13.499	1,257	215,079,311.62	14.50	359	39.36	7.239	624	79.18
13.500 - 13.999	1,673	286,874,367.33	19.34	358	39.25	7.749	611	81.98
14.000 - 14.499	1,226	193,462,703.63	13.04	358	38.48	8.223	594	84.30
14.500 - 14.999	1,247	190,904,472.27	12.87	359	38.93	8.725	586	85.88
15.000 - 15.499	645	95,458,566.39	6.43	359	38.06	9.202	588	87.32
15.500 - 15.999	354	51,328,695.79	3.46	359	39.43	9.704	576	85.70
16.000 - 16.499	124	17,393,775.55	1.17	357	38.95	10.211	566	80.14
16.500 - 16.999	59	9,060,615.83	0.61	359	39.68	10.715	541	73.38
17.000 - 17.499	24	3,224,142.37	0.22	359	41.77	11.152	531	67.80
17.500 - 17.999	10	1,464,155.59	0.10	359	47.94	11.656	526	68.13
18.000 - 18.499	6	834,919.83	0.06	359	40.32	12.182	528	67.71
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

Minimum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MINIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
5.000 - 5.499	55	\$12,280,580.74	0.83	355	40.79	5.348	649	74.73
5.500 - 5.999	354	68,865,613.07	4.64	357	40.81	5.777	637	74.10
6.000 - 6.499	607	113,546,159.11	7.65	359	39.97	6.255	634	76.85
6.500 - 6.999	1,208	223,691,307.62	15.08	359	40.06	6.752	632	78.35
7.000 - 7.499	1,257	215,079,311.62	14.50	359	39.36	7.239	624	79.18
7.500 - 7.999	1,673	286,874,367.33	19.34	358	39.25	7.749	611	81.98
8.000 - 8.499	1,226	193,462,703.63	13.04	358	38.48	8.223	594	84.30
8.500 - 8.999	1,247	190,904,472.27	12.87	359	38.93	8.725	586	85.88
9.000 - 9.499	645	95,458,566.39	6.43	359	38.06	9.202	588	87.32
9.500 - 9.999	354	51,328,695.79	3.46	359	39.43	9.704	576	85.70
10.000 - 10.499	124	17,393,775.55	1.17	357	38.95	10.211	566	80.14
10.500 - 10.999	59	9,060,615.83	0.61	359	39.68	10.715	541	73.38
11.000 - 11.499	24	3,224,142.37	0.22	359	41.77	11.152	531	67.80
11.500 - 11.999	10	1,464,155.59	0.10	359	47.94	11.656	526	68.13
12.000 - 12.499	6	834,919.83	0.06	359	40.32	12.182	528	67.71
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

Gross Margins of the Adjustable-Rate Loans

RANGE OF GROSS MARGINS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
0.000 - 3.999	1	\$288,473.87	0.02	355	40.00	5.800	608	67.44
4.000 - 4.249	936	175,247,655.64	11.81	358	39.93	7.586	634	81.64
4.500 - 4.749	33	5,306,447.46	0.36	356	38.55	7.782	630	83.62
5.000 - 5.249	37	6,126,738.54	0.41	357	41.79	7.766	600	80.63
6.000 - 6.249	7,829	1,294,488,961.64	87.26	359	39.24	7.724	607	81.32
6.250 - 6.499	3	519,822.94	0.04	357	34.22	8.044	573	82.91
6.500 - 6.749	2	297,456.82	0.02	356	43.16	9.503	541	92.63
6.750 - 6.999	1	140,881.23	0.01	358	54.00	10.25	568	75.00
7.000+	7	1,052,948.60	0.07	358	37.46	7.881	589	77.33
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

DESCRIPTION OF GROUP I MORTGAGE LOANS

Next Rate Adjustment Date of the Adjustable-Rate Loans

NEXT RATE ADJUSTMENT DATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
November 2006	1	\$321,672.93	0.02	353	45.00	6.200	670	80.00
December 2006	5	1,046,504.74	0.07	354	34.09	7.514	636	83.12
January 2007	17	2,683,878.14	0.18	355	40.17	8.530	566	80.71
February 2007	77	13,250,172.34	0.89	356	40.89	8.119	592	84.76
March 2007	84	11,669,106.92	0.79	357	40.04	7.994	616	85.77
April 2007	419	67,361,005.01	4.54	357	39.55	7.664	603	81.88
May 2007	5,390	894,098,049.63	60.27	359	39.28	7.745	606	81.48
June 2007	398	64,703,073.00	4.36	360	39.23	8.254	609	82.39
December 2007	1	67,311.14	0.00	354	43.00	9.850	577	88.82
January 2008	11	2,698,031.91	0.18	355	41.99	7.298	599	81.38
February 2008	36	7,527,561.04	0.51	350	38.87	7.721	630	85.56
March 2008	33	5,403,007.53	0.36	357	36.33	7.721	610	84.47
April 2008	103	17,771,564.32	1.20	358	40.32	7.750	611	80.95
May 2008	2,072	370,190,260.09	24.95	358	39.40	7.478	619	80.26
June 2008	202	24,678,188.00	1.66	360	38.49	8.115	629	83.73
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

Initial Periodic Rate Cap of the Adjustable-Rate Loans

INITIAL PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2.000	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

Periodic Rate Cap of the Adjustable-Rate Loans

PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
1.000	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36
Total:	8,849	\$1,483,469,386.74	100.00	359	39.33	7.708	610	81.36

DESCRIPTION OF GROUP II MORTGAGE LOANS

Collateral Summary

Statistics given below are for the Mortgage Loans in the pool as of the Cut-off Date. Balances and percentages are based on the Cut-off Date scheduled balances of such Mortgage Loans (except in the case of Debt-to-Income and FICO, which are determined at origination).

	<u>Summary Statistics</u>	<u>Range (if applicable)</u>
Number of Mortgage Loans:	2,778	
Aggregate Current Principal Balance:	\$601,620,613.49	
Average Current Principal Balance:	\$216,566.10	\$58,543.32 - \$761,604.25
Aggregate Original Principal Balance:	\$602,228,255.00	
Average Original Principal Balance:	\$216,784.83	\$60,000.00 - \$765,000.00
Fully Amortizing Mortgage Loans:	100.00%	
1st Lien:	95.01%	
Wtd. Avg. Gross Coupon:	7.597%	5.200% - 13.250%
Wtd. Avg. Original Term (months):	357	180 - 360
Wtd. Avg. Remaining Term (months):	356	175 – 360
Wtd. Avg. Margin (ARM Loans Only):	5.900%	4.000% - 7.125%
Wtd. Avg. Maximum Mortgage Rate (ARM Loans Only):	13.586%	11.200% - 19.250%
Wtd. Avg. Minimum Mortgage Rate (ARM Loans Only):	7.586%	5.200% - 13.250%
Wtd. Avg. Original LTV:	80.74%	8.70% - 100.00%
Wtd. Avg. Borrower FICO:	615	500 – 798
Geographic Distribution (Top 5):	CA: 38.34% FL: 9.70% NY: 9.31% IN: 4.81% AZ: 4.11%	

⁽¹⁾ The loan-to-value("LTV") of a first-lien mortgage at any given time is a fraction, expressed as a percentage, the numerator of which is the principal balance of the mortgage loan at the date of origination and the denominator of which is the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan. The LTV of a second lien mortgage loan at any given time is a fraction, expressed as a percentage the numerator of which is (i) the sum of (a) the principal balance of such mortgage loan at the date of origination plus (b) the outstanding balance of the senior mortgage loan at the date of origination of such mortgage loan and the denominator of which is (ii) the lesser of the sales price of the related mortgage property and its appraised value determined in an appraisal obtained by the originator at origination of the mortgage loan.

DESCRIPTION OF GROUP II MORTGAGE LOANS

Collateral Type

COLLATERAL TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2 Yr/6 Mo Libor	1,283	\$331,496,220.55	55.10	358	37.63	7.676	598	81.52
3 Yr/6 Mo Libor	385	105,035,107.92	17.46	359	37.80	7.302	620	80.55
Fixed	1,110	165,089,285.02	27.44	349	37.17	7.626	646	79.31
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

Principal Balances at Origination

RANGE OF PRINCIPAL BALANCES AT ORIGINATION (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF ORIGINATION	% OF PRINCIPAL BALANCE AS OF ORIGINATION	REMAINING TERM TO MATURITY (months)*	DEBT-TO- INCOME (%)*	GROSS COUPON (%)*	FICO*	OLTV (%)*
50,000.01 - 100,000.00	1,175	89,899,211.00	14.93	351	35.89	8.800	619	82.75
100,000.01 - 150,000.00	468	55,939,579.00	9.29	350	36.10	8.291	611	82.64
150,000.01 - 200,000.00	125	21,840,552.00	3.63	352	33.31	7.489	593	77.95
200,000.01 - 250,000.00	67	14,916,974.00	2.48	354	33.84	7.415	613	78.96
250,000.01 - 300,000.00	59	16,231,188.00	2.70	359	27.63	7.136	616	79.66
300,000.01 - 350,000.00	32	10,335,935.00	1.72	355	23.68	7.403	603	80.30
350,000.01 - 400,000.00	273	103,171,236.00	17.13	358	40.64	7.285	618	81.28
400,000.01 - 450,000.00	209	88,925,205.00	14.77	357	39.50	7.305	615	80.91
450,000.01 - 500,000.00	159	75,953,115.00	12.61	359	36.73	7.333	633	80.77
500,000.01 - 550,000.00	72	38,015,778.00	6.31	359	39.03	7.050	612	79.26
550,000.01 - 600,000.00	66	38,035,723.00	6.32	357	41.78	7.086	614	79.59
600,000.01 - 650,000.00	36	22,571,600.00	3.75	359	37.89	7.301	599	80.09
650,000.01 - 700,000.00	15	10,214,699.00	1.70	359	34.44	7.064	592	72.84
700,000.01 - 750,000.00	21	15,412,460.00	2.56	353	41.41	7.509	591	76.78
750,000.01+	1	765,000.00	0.13	355	24.00	6.650	683	90.00
Total:	2,778	602,228,255.00	100.00	356	37.53	7.597	615	80.74

*Based on the original balances of the Mortgage Loans.

DESCRIPTION OF GROUP II MORTGAGE LOANS

Principal Balance as of the Cut-Off Date

RANGE OF PRINCIPAL BALANCES AS OF THE CUT-OFF DATE (\$)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
50,000.01 - 100,000.00	1,177	90,002,252.19	14.96	351	35.90	8.799	619	82.73
100,000.01 - 150,000.00	466	55,681,987.57	9.26	350	36.09	8.292	611	82.68
150,000.01 - 200,000.00	125	21,819,241.27	3.63	352	33.31	7.490	593	77.95
200,000.01 - 250,000.00	67	14,897,625.13	2.48	354	33.84	7.416	613	78.96
250,000.01 - 300,000.00	59	16,211,973.17	2.69	359	27.62	7.136	616	79.67
300,000.01 - 350,000.00	32	10,325,644.91	1.72	355	23.68	7.403	603	80.31
350,000.01 - 400,000.00	274	103,472,227.87	17.20	358	40.62	7.279	618	81.29
400,000.01 - 450,000.00	208	88,443,059.52	14.70	357	39.52	7.314	615	80.89
450,000.01 - 500,000.00	159	75,883,772.14	12.61	359	36.73	7.334	633	80.77
500,000.01 - 550,000.00	72	37,975,719.30	6.31	359	39.03	7.050	612	79.26
550,000.01 - 600,000.00	66	37,997,568.67	6.32	357	41.78	7.087	614	79.59
600,000.01 - 650,000.00	37	23,198,301.85	3.86	359	37.64	7.265	601	80.23
650,000.01 - 700,000.00	14	9,552,791.80	1.59	359	34.80	7.137	589	72.01
700,000.01 - 750,000.00	21	15,396,843.85	2.56	353	41.41	7.510	591	76.78
750,000.01+	1	761,604.25	0.13	355	24.00	6.650	683	90.00
Total:	2,778	601,620,613.49	100.00	356	37.53	7.597	615	80.74

Remaining Term to Maturity

RANGE OF MONTHS REMAINING	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
121 - 180	54	\$5,213,287.29	0.87	179	35.46	7.409	630	72.42
181 - 240	48	6,785,213.04	1.13	239	35.80	6.984	634	72.15
301 - 360	2,676	589,622,113.16	98.01	359	37.57	7.606	615	80.92
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

DESCRIPTION OF GROUP II MORTGAGE LOANS

Mortgage Rate

RANGE OF CURRENT MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
5.000 - 5.499	39	15,939,402.74	2.65	354	38.48	5.304	656	73.19
5.500 - 5.999	192	65,157,767.99	10.83	355	38.65	5.807	650	74.54
6.000 - 6.499	239	70,403,950.32	11.70	355	37.76	6.243	637	77.63
6.500 - 6.999	308	84,332,357.37	14.02	356	37.20	6.743	620	78.12
7.000 - 7.499	260	65,334,355.99	10.86	356	37.55	7.221	622	79.79
7.500 - 7.999	377	83,380,666.31	13.86	355	36.31	7.743	605	81.99
8.000 - 8.499	352	68,592,276.64	11.40	356	37.70	8.218	591	82.01
8.500 - 8.999	323	59,477,544.52	9.89	358	36.29	8.708	584	84.91
9.000 - 9.499	240	37,063,932.36	6.16	358	38.10	9.191	588	84.15
9.500 - 9.999	91	15,194,995.02	2.53	357	36.96	9.696	580	84.13
10.000 - 10.499	21	4,979,632.53	0.83	357	34.89	10.157	560	78.05
10.500 - 10.999	105	10,321,029.03	1.72	357	40.03	10.728	680	91.82
11.000 - 11.499	48	4,970,487.26	0.83	359	35.02	11.229	636	90.13
11.500 - 11.999	120	11,311,685.66	1.88	355	42.25	11.741	624	95.77
12.000 - 12.499	62	5,066,050.17	0.84	355	41.95	12.098	633	99.55
13.000 - 13.499	1	94,479.58	0.02	359	32.00	13.250	505	70.00
Total:	2,778	601,620,613.49	100.00	356	37.53	7.597	615	80.74

Original Loan-to-Value Ratios

RANGE OF ORIGINAL LOAN-TO-VALUE RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
<= 25.00	3	\$198,680.75	0.03	297	18.18	7.603	595	17.06
25.01 - 30.00	1	114,886.60	0.02	359	37.00	6.050	645	28.05
30.01 - 35.00	6	444,508.45	0.07	331	41.57	8.301	541	33.52
35.01 - 40.00	10	1,298,623.33	0.22	305	33.05	7.322	589	37.94
40.01 - 45.00	11	1,526,658.22	0.25	340	30.61	7.074	567	43.20
45.01 - 50.00	27	4,426,352.24	0.74	354	32.54	6.526	628	48.20
50.01 - 55.00	35	7,417,206.63	1.23	351	41.14	7.093	597	52.92
55.01 - 60.00	64	11,783,947.06	1.96	343	37.27	7.180	602	57.92
60.01 - 65.00	149	33,845,129.68	5.63	353	36.99	7.234	606	63.29
65.01 - 70.00	153	30,323,941.21	5.04	352	39.28	7.335	585	68.80
70.01 - 75.00	341	77,004,484.52	12.80	357	39.45	7.438	586	74.16
75.01 - 80.00	717	185,018,610.00	30.75	357	37.91	7.005	617	79.56
80.01 - 85.00	255	65,988,766.87	10.97	355	37.47	7.306	608	84.45
85.01 - 90.00	483	103,819,299.20	17.26	357	34.34	7.974	621	89.74
90.01 - 95.00	153	45,520,599.55	7.57	358	37.63	8.188	643	94.83
95.01 - 100.00	370	32,888,919.18	5.47	356	40.44	10.933	683	99.98
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

DESCRIPTION OF GROUP II MORTGAGE LOANS

FICO Score at Origination

RANGE OF FICO SCORES	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
500 - 519	156	\$28,714,634.44	4.77	358	40.23	8.549	509	74.76
520 - 539	261	53,932,589.86	8.96	357	39.07	8.177	529	76.20
540 - 559	272	62,455,296.45	10.38	357	37.27	8.012	551	78.13
560 - 579	246	55,032,574.59	9.15	356	37.56	7.764	569	80.22
580 - 599	264	62,125,323.86	10.33	356	38.37	7.371	589	79.29
600 - 619	287	73,594,647.64	12.23	357	38.70	7.245	609	80.26
620 - 639	311	59,945,624.47	9.96	353	36.65	7.715	629	82.17
640 - 659	262	50,658,572.81	8.42	356	38.10	7.495	650	83.80
660 - 679	191	42,732,198.24	7.10	353	35.66	7.163	668	83.27
680 - 699	162	42,650,193.29	7.09	357	36.82	6.859	689	83.12
700 - 719	143	23,973,254.85	3.98	354	38.19	7.642	708	85.93
720 - 739	105	20,287,702.20	3.37	356	34.82	7.724	730	86.01
740 - 759	55	10,439,134.78	1.74	359	32.38	7.244	751	84.98
760 - 779	38	8,568,625.16	1.42	354	34.63	7.618	768	85.52
780 - 799	25	6,510,240.85	1.08	351	32.73	6.710	787	76.02
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

Debt-to-Income Ratio

RANGE OF DEBT-TO-INCOME RATIOS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
<= 25.00	485	\$97,306,731.82	16.17	355	15.56	7.588	627	80.66
25.01 - 30.00	259	44,399,493.47	7.38	356	28.19	7.364	617	77.89
30.01 - 35.00	332	65,861,628.38	10.95	356	33.22	7.589	612	81.12
35.01 - 40.00	462	90,875,936.77	15.11	356	38.21	7.629	613	80.54
40.01 - 45.00	551	117,652,740.92	19.56	355	43.11	7.719	620	83.03
45.01 - 50.00	588	154,330,817.79	25.65	357	48.08	7.610	614	82.41
50.01 - 55.00	101	31,193,264.34	5.18	355	53.28	7.361	581	68.05
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

DESCRIPTION OF GROUP II MORTGAGE LOANS

Geographic Distribution

STATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
California	715	230,642,708.58	38.34	357	39.49	7.325	617	79.88
Florida	326	58,351,433.98	9.70	354	36.46	7.907	605	80.38
New York	146	56,012,801.35	9.31	356	39.98	7.062	638	77.92
Indiana	280	28,953,686.64	4.81	357	36.11	7.760	622	84.72
Arizona	166	24,731,484.60	4.11	350	35.92	7.642	612	81.70
Maryland	97	23,897,315.13	3.97	357	38.34	7.668	601	80.65
Illinois	74	19,975,685.76	3.32	359	37.86	8.020	637	83.28
Michigan	192	19,933,316.68	3.31	358	35.43	8.117	593	81.65
New Jersey	49	19,935,693.86	3.31	359	36.38	7.240	617	80.40
Texas	72	13,883,089.27	2.31	345	33.29	8.020	619	84.90
Nevada	59	13,606,199.32	2.26	352	33.18	7.980	612	82.35
Washington	39	8,557,759.54	1.42	352	34.24	8.074	602	81.08
Massachusetts	37	8,108,367.27	1.35	359	38.89	7.808	649	86.39
Georgia	37	6,248,206.42	1.04	354	31.75	8.328	615	85.57
Colorado	19	6,030,218.54	1.00	359	40.67	7.959	600	83.02
Connecticut	14	5,926,973.12	0.99	359	38.56	7.651	628	79.02
Missouri	54	5,414,511.41	0.90	359	33.10	8.176	581	81.60
Minnesota	15	4,777,639.93	0.79	359	34.05	8.174	604	80.67
Ohio	47	4,731,621.02	0.79	351	35.97	7.990	593	82.19
Pennsylvania	48	4,725,936.26	0.79	345	33.38	7.798	566	76.03
Utah	16	4,499,243.37	0.75	359	27.67	8.257	621	87.57
North Carolina	31	3,430,414.23	0.57	345	31.99	8.272	603	82.34
Tennessee	35	3,065,591.52	0.51	352	30.99	8.077	608	81.55
Oregon	16	2,736,638.20	0.45	355	39.19	8.408	580	79.77
Wisconsin	18	2,671,235.49	0.44	359	36.98	8.716	588	82.37
Alabama	29	\$2,585,639.87	0.43	349	30.23	9.084	583	80.73
Louisiana	29	2,477,592.32	0.41	342	38.90	8.144	577	77.79
Kentucky	21	2,337,621.99	0.39	359	34.93	8.135	557	77.70
South Carolina	26	2,109,143.26	0.35	354	28.55	8.507	625	79.41
Hawaii	7	1,737,589.95	0.29	359	38.11	7.210	710	85.00
Rhode Island	6	1,473,210.41	0.24	358	34.08	8.574	645	84.39
Maine	8	1,295,978.11	0.22	331	35.98	7.019	624	78.20
Idaho	4	1,002,076.63	0.17	359	17.94	8.051	670	69.77
Oklahoma	9	779,977.86	0.13	359	25.11	8.386	608	87.02
Iowa	8	692,947.53	0.12	359	42.04	8.283	574	77.73
Mississippi	7	701,641.66	0.12	358	22.27	8.258	609	81.60
New Hampshire	2	670,647.04	0.11	360	27.31	7.172	624	90.52
New Mexico	4	677,057.05	0.11	359	33.27	8.500	559	80.83
Montana	1	546,273.40	0.09	358	9.00	6.850	652	91.20
Alaska	3	505,451.99	0.08	359	35.56	8.664	572	77.84
North Dakota	2	281,436.45	0.05	356	22.07	7.570	589	79.94
Wyoming	3	308,862.97	0.05	357	34.74	8.023	587	76.52
Delaware	2	201,739.28	0.03	359	51.23	6.445	626	65.11
Kansas	2	145,542.17	0.02	359	32.12	7.738	546	80.92
South Dakota	1	105,502.66	0.02	359	42.00	6.400	678	80.00
Nebraska	1	67,101.09	0.01	357	44.00	9.550	569	80.00
Vermont	1	69,808.31	0.01	356	45.00	7.950	611	63.35
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

DESCRIPTION OF GROUP II MORTGAGE LOANS

Occupancy Status

OCCUPANCY STATUS*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Owner Occupied	2,422	546,389,744.08	90.82	356	38.63	7.548	611	80.45
Non-Owner Occupied	332	\$50,474,932.51	8.39	357	26.03	8.178	663	83.95
Second Home	24	4,755,936.90	0.79	359	33.25	7.088	644	80.10
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

*Based on mortgagor representation at origination.

Documentation Type

INCOME DOCUMENTATION	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Full Documentation	1,405	\$285,752,335.29	47.50	355	37.22	7.112	605	78.31
Limited Documentation	264	72,970,377.45	12.13	356	30.80	7.539	601	80.72
Stated Documentation	1,109	242,897,900.75	40.37	357	39.92	8.186	632	83.61
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

Loan Purpose

PURPOSE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Refinance-Debt Consolidation Cash Out**	1,475	\$346,615,842.93	57.61	355	38.15	7.347	596	76.77
Purchase	1,106	223,904,783.30	37.22	358	36.82	7.998	647	87.13
Refinance-Debt Consolidation No Cash Out***	197	31,099,987.26	5.17	346	35.73	7.500	605	79.11
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

** Cash proceeds to the borrower inclusive of debt consolidation payments exceed 2% or \$2,000 of the original principal balance of the related loan. Also includes all home equity loans originated in Texas with any cash proceeds.

*** Cash proceeds to the borrower inclusive of debt consolidation payments do not exceed 2% or \$2,000 of the original principal balance of the related loan. Excludes home equity loans originated in Texas with any cash proceeds.

DESCRIPTION OF GROUP II MORTGAGE LOANS

Credit Grade

RISK CATEGORY*	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
I	1,962	\$410,419,536.70	68.22	356	36.97	7.441	635	82.35
II	218	54,419,543.98	9.05	356	37.77	7.650	588	80.69
III	194	43,055,700.14	7.16	357	38.08	7.620	573	79.05
IV	225	51,644,218.68	8.58	356	37.73	7.879	575	77.78
V	133	31,349,818.57	5.21	358	42.19	8.187	546	72.22
VI	45	10,339,722.95	1.72	358	40.74	10.299	543	64.31
C-	1	392,072.47	0.07	355	48.00	5.500	662	95.00
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

* Letters correspond to risk categories of Olympus Mortgage Company and numerals correspond to risk categories of Argent Mortgage Company, LLC.

Property Type

PROPERTY TYPE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Single Family Residence	1,985	447,523,306.14	74.39	356	38.13	7.480	614	80.69
PUD Detached	244	73,424,993.17	12.20	357	36.04	7.677	612	82.33
Condominium	114	21,555,658.69	3.58	358	35.70	8.211	630	81.98
2-4 Fam Detached	162	\$34,622,352.67	5.75	356	36.63	7.863	645	82.20
Manufactured Housing	268	23,926,354.04	3.98	350	34.22	8.568	600	73.66
PUD Attached	5	567,948.78	0.09	359	24.72	8.926	608	83.39
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

Prepayment Charge Term

PREPAYMENT CHARGE TERM AT ORIGATION (MONTHS)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
No Prepayment Penalty	885	\$187,475,644.13	31.16	357	37.61	8.171	628	83.61
12	97	36,001,570.43	5.98	357	39.85	7.423	633	77.62
24	730	170,902,441.38	28.41	358	37.33	7.593	598	81.44
36	1,066	207,240,957.55	34.45	353	37.22	7.112	616	78.12
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

Conforming Balance

CONFORMING BALANCE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO- INCOME (%)	GROSS COUPON (%)	FICO	OLTIV (%)
Conforming	1,735	\$194,348,744.59	32.30	352	33.58	7.925	606	79.71
Non-Conforming	1,043	407,271,868.90	67.70	358	39.42	7.441	620	81.24
Total:	2,778	\$601,620,613.49	100.00	356	37.53	7.597	615	80.74

DESCRIPTION OF GROUP II MORTGAGE LOANS

Maximum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MAXIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLT V (%)
11.000 - 11.499	28	10,436,209.65	2.39	356	39.88	5.335	619	77.21
11.500 - 11.999	89	28,471,946.85	6.52	359	39.45	5.772	624	76.16
12.000 - 12.499	144	47,195,750.98	10.81	359	39.13	6.261	634	79.07
12.500 - 12.999	203	62,944,783.26	14.42	358	37.43	6.748	618	78.75
13.000 - 13.499	196	56,355,720.46	12.91	359	37.52	7.224	620	80.19
13.500 - 13.999	274	70,822,958.83	16.22	359	36.54	7.737	604	83.12
14.000 - 14.499	247	56,146,295.74	12.86	358	38.00	8.229	584	83.17
14.500 - 14.999	238	52,216,413.90	11.96	359	36.40	8.706	581	86.04
15.000 - 15.499	144	29,237,190.72	6.70	359	38.98	9.185	574	83.75
15.500 - 15.999	63	12,169,330.10	2.79	359	36.69	9.694	577	84.84
16.000 - 16.499	15	4,481,802.40	1.03	359	36.17	10.157	560	78.68
16.500 - 16.999	14	2,668,320.55	0.61	359	39.16	10.740	544	68.43
17.000 - 17.499	6	1,596,209.69	0.37	359	27.14	11.224	526	69.26
17.500 - 17.999	5	1,628,933.16	0.37	359	40.44	11.600	509	70.90
18.000 - 18.499	1	64,982.60	0.01	359	10.00	12.300	527	65.00
19.000 - 19.499	1	\$94,479.58	0.02	359	32.00	13.250	505	70.00
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

Minimum Mortgage Rates of the Adjustable-Rate Loans

RANGE OF MINIMUM MORTGAGE RATES (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLT V (%)
5.000 - 5.499	28	\$10,436,209.65	2.39	356	39.88	5.335	619	77.21
5.500 - 5.999	89	28,471,946.85	6.52	359	39.45	5.772	624	76.16
6.000 - 6.499	144	47,195,750.98	10.81	359	39.13	6.261	634	79.07
6.500 - 6.999	203	62,944,783.26	14.42	358	37.43	6.748	618	78.75
7.000 - 7.499	196	56,355,720.46	12.91	359	37.52	7.224	620	80.19
7.500 - 7.999	274	70,822,958.83	16.22	359	36.54	7.737	604	83.12
8.000 - 8.499	247	56,146,295.74	12.86	358	38.00	8.229	584	83.17
8.500 - 8.999	238	52,216,413.90	11.96	359	36.40	8.706	581	86.04
9.000 - 9.499	144	29,237,190.72	6.70	359	38.98	9.185	574	83.75
9.500 - 9.999	63	12,169,330.10	2.79	359	36.69	9.694	577	84.84
10.000 - 10.499	15	4,481,802.40	1.03	359	36.17	10.157	560	78.68
10.500 - 10.999	14	2,668,320.55	0.61	359	39.16	10.740	544	68.43
11.000 - 11.499	6	1,596,209.69	0.37	359	27.14	11.224	526	69.26
11.500 - 11.999	5	1,628,933.16	0.37	359	40.44	11.600	509	70.90
12.000 - 12.499	1	64,982.60	0.01	359	10.00	12.300	527	65.00
13.000 - 13.499	1	94,479.58	0.02	359	32.00	13.250	505	70.00
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

Gross Margins of the Adjustable-Rate Loans

RANGE OF GROSS MARGINS (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLT V (%)
4.000 - 4.249	57	\$21,886,471.93	5.01	359	37.68	7.485	635	82.18
5.000 - 5.249	1	67,316.61	0.02	356	2.00	7.990	564	90.00
5.500 - 5.749	1	392,072.47	0.09	355	48.00	5.500	662	95.00
6.000 - 6.249	1,606	413,448,203.27	94.71	358	37.67	7.594	602	81.23
6.500 - 6.749	2	637,514.19	0.15	358	32.01	7.008	580	74.97
7.000+	1	99,750.00	0.02	360	46.00	8.200	618	95.00
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

DESCRIPTION OF GROUP II MORTGAGE LOANS

Next Rate Adjustment Date of the Adjustable-Rate Loans

NEXT RATE ADJUSTMENT DATE	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
December 2006	2	\$950,751.60	0.22	354	38.27	6.583	585	72.77
January 2007	6	1,771,018.75	0.41	355	35.88	6.359	675	89.95
February 2007	32	10,605,797.57	2.43	356	36.87	8.217	589	82.29
March 2007	20	2,485,565.56	0.57	357	33.60	8.484	599	83.34
April 2007	89	25,826,180.32	5.92	358	35.08	7.621	595	81.83
May 2007	1,026	260,195,772.75	59.61	358	38.20	7.648	598	81.19
June 2007	108	29,661,134.00	6.79	360	35.52	7.822	601	83.48
December 2007	2	167,225.69	0.04	354	35.43	7.456	563	86.05
January 2008	2	322,423.20	0.07	355	32.30	8.879	578	73.41
February 2008	7	1,867,572.90	0.43	356	32.93	8.411	618	88.01
March 2008	3	348,979.54	0.08	357	39.35	6.727	641	84.02
April 2008	15	4,277,220.65	0.98	358	37.30	6.798	626	77.62
May 2008	322	93,351,993.94	21.38	359	38.02	7.270	618	80.38
June 2008	34	4,699,692.00	1.08	360	36.20	7.893	649	83.66
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

Initial Periodic Rate Cap of the Adjustable-Rate Loans

INITIAL PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
2.000	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

Periodic Rate Cap of the Adjustable-Rate Loans

PERIODIC CAP (%)	NUMBER OF MORTGAGE LOANS	PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	% OF PRINCIPAL BALANCE AS OF THE CUT-OFF DATE	REMAINING TERM TO MATURITY (months)	DEBT-TO-INCOME (%)	GROSS COUPON (%)	FICO	OLTV (%)
1.000	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29
Total:	1,668	\$436,531,328.47	100.00	358	37.67	7.586	604	81.29

Annex III: Interest Rate Swap Schedule

Distribution Date	Notional Schedule (\$)	Distribution Date	Notional Schedule (\$)
7/25/2005	9,600,000.00	9/25/2007	2,847,702.24
8/25/2005	9,511,138.69	10/25/2007	2,725,658.02
9/25/2005	9,396,566.14	11/25/2007	2,609,055.71
10/25/2005	9,256,322.98	12/25/2007	2,497,645.13
11/25/2005	9,090,644.72	1/25/2008	2,391,192.87
12/25/2005	8,899,968.82	2/25/2008	2,289,466.19
1/25/2006	8,684,939.84	3/25/2008	2,192,248.54
2/25/2006	8,446,413.10	4/25/2008	2,099,333.54
3/25/2006	8,185,566.11	5/25/2008	2,010,524.45
4/25/2006	7,903,872.75	6/25/2008	1,925,635.17
5/25/2006	7,608,285.46	7/25/2008	1,844,555.55
6/25/2006	7,300,743.55	8/25/2008	1,767,038.38
7/25/2006	7,005,798.30	9/25/2008	1,692,921.71
8/25/2006	6,722,928.34	10/25/2008	1,622,051.13
9/25/2006	6,451,634.04	11/25/2008	1,554,279.42
10/25/2006	6,191,436.62	12/25/2008	1,489,466.22
11/25/2006	5,941,877.27	1/25/2009	1,427,479.11
12/25/2006	5,702,516.27	2/25/2009	1,368,188.91
1/25/2007	5,472,932.27	3/25/2009	1,311,473.91
2/25/2007	5,252,721.43	4/25/2009	1,257,218.06
3/25/2007	5,041,496.78	5/25/2009	1,205,310.70
4/25/2007	4,838,312.08	6/25/2009	1,155,646.25
5/25/2007	4,634,104.29	7/25/2009	1,108,124.06
6/25/2007	4,080,676.29	8/25/2009	1,062,648.10
7/25/2007	3,605,089.75	9/25/2009	1,019,126.76
8/25/2007	3,195,847.88	10/25/2009	977,472.69

No one is authorized to give information or to make representations in connection with this offering other than those contained in this prospectus and the other disclosure documents. You must not rely on any unauthorized information or representation. This prospectus and the other disclosure documents do not constitute an offer or solicitation with regard to the certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this prospectus and the other disclosure documents at any time, no one implies that the information contained in these documents is correct after their dates.

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\$1,435,108,000
(Approximate)



Guaranteed Grantor Trust Pass-Through Certificates

Fannie Mae Grantor Trust 2005-T3

PROSPECTUS

CITIGROUP
UBS INVESTMENT BANK
(Co-Lead Underwriters)

Countrywide Securities Corporation
(Co-Manager)

RBS Greenwich Capital
(Co-Manager)

JPMorgan
(Co-Manager)

June 24, 2005