

\$335,348,699



FannieMae

**Guaranteed Grantor Trust Pass-Through Certificates
Fannie Mae Grantor Trust 1998-T2**

Class	Original Principal Balance(1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A1	\$141,620,000	PT	6.50%	FIX	31359U4G7	October 2036
A2	1,329,000	PT	6.50	FIX/Z	31359U4H5	October 2036
A3	151,647	PT	(2)	PO	31359U4J1	October 2036
A4	54,612,635 (3)	NTL	6.5	FIX/IO	31359U4K8	October 2036
A5	114,219,599	PT	(4)	WAC	31359U4L6	January 2032
A6	78,028,453	PT	(4)	WAC	31359U4M4	January 2032
A7	114,219,599 (3)	NTL	0.15	FIX/IO	31359U4N2	January 2032
A8	78,028,453 (3)	NTL	(4)	WAC/IO	31359U4P7	January 2032

(1) Final original principal balances of each class.

Note: All other footnotes are as stated on the cover of the Prospectus dated November 20, 1998.

CONSIDER CAREFULLY THE RISK FACTORS STARTING ON PAGE 6 OF THE PROSPECTUS. UNLESS YOU UNDERSTAND AND ARE ABLE TO TOLERATE THESE RISKS, YOU SHOULD NOT INVEST IN THE CERTIFICATES.

THE CERTIFICATES, TOGETHER WITH ANY 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.

This Final Data Statement contains final Original Principal Balances for the above-referenced Trust.

THE DATE OF THIS FINAL DATA STATEMENT IS DECEMBER 8, 1998

\$335,357,684 (Approximate)



FannieMae

**Guaranteed Grantor Trust Pass-Through Certificates
Fannie Mae Grantor Trust 1998-T2**

Consider carefully the risk factors starting on page 6 of this prospectus. 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 classes of certificates listed in the chart on this page. The certificates will represent beneficial ownership interests in the trust assets.

Payments to Certificateholders

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

- interest accrued on the balance of your certificate, subject to the limitations described in this prospectus, and
- principal to the extent available for payment on your certificate.

We may pay principal at rates which vary from time to time.

The Fannie Mae Guaranty

We will guarantee that the payments of monthly interest and principal described in this prospectus are paid to investors on time and that the outstanding principal balance of each class of certificates is paid no later than the applicable final distribution date shown below.

The Trust and Its Assets

The trust will own the REMIC securities listed in the table on page 4 of this prospectus. The REMIC securities represent interests in two separate pools consisting primarily of first-lien, single-family, adjustable-rate and fixed-rate mortgage loans.

Corresponding Classes

Each class of certificates will correspond to a particular class of REMIC securities, as set forth in the table on page 4 of this prospectus.

Class	Group	Original Class Balance(1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A1.....	1	\$141,620,000	PT	6.50%	FIX	31359U4 G 7	October 2036
A2.....	1	1,334,000	PT	6.50	FIX/Z	31359U4 H 5	October 2036
A3.....	1	151,647	PT	(2)	PO	31359U4 J 1	October 2036
A4.....	1	54,612,635 (3)	NTL	6.50	FIX/IO	31359U4 K 8	October 2036
A5.....	2	114,219,558	PT	(4)	WAC	31359U4 L 6	January 2032
A6.....	2	78,032,479	PT	(4)	WAC	31359U4 M 4	January 2032
A7.....	2	114,219,558 (5)	NTL	0.15	FIX/IO	31359U4 N 2	January 2032
A8.....	2	78,032,479 (6)	NTL	(4)	WAC/IO	31359U4 P 7	January 2032

- (1) Subject to a permitted variance of plus or minus 5% in the aggregate.
- (2) This class is a principal only class and will not bear interest.
- (3) This class is an interest only class, will have no principal balance and will bear interest on its notional balance. The notional balance initially will be as shown above and thereafter will be equal to the notional amount of the corresponding class of REMIC securities, calculated as specified in the Offering Circular.
- (4) This class will accrue interest at a weighted average rate equal to the interest rate of the corresponding class of REMIC securities, calculated as specified in the Offering Circular.
- (5) This class is an interest only class, will have no principal balance and will bear interest on its notional balance. The notional balance initially will be as shown above and thereafter will be equal to the principal balance of the Class A5 Certificates.
- (6) This class is an interest only class, will have no principal balance and will bear interest on its notional balance. The notional balance initially will be as shown above and thereafter will be equal to the principal balance of the Class A6 Certificates.

Lehman Brothers Inc. will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be December 8, 1998.

LEHMAN BROTHERS

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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 Offering Circular dated November 25, 1998 relating to the REMIC securities (the “Offering Circular”), which is attached to, and forms a part of, this prospectus; and
- our current Information Statement dated March 31, 1998 and its supplements (the “Information Statement”).

The Information Statement contains important financial and other information about Fannie Mae, which we are incorporating by reference in this prospectus. This means that we are disclosing important information to you by referring to these documents, so you should read them together with this prospectus.

The Information Statement and the class factors are available on our website located at <http://www.fanniemae.com>. You can also obtain them by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-6547.

You can obtain all the Disclosure Documents by writing or calling:

- Fannie Mae
3900 Wisconsin Avenue, N.W.
Area 2H-3S
Washington, D.C. 20016
(telephone 1-800-237-8627 or 202-752-6547).

You also can obtain copies of this prospectus, including the Offering Circular, by writing or calling:

- Lehman Brothers Inc.
Prospectus Department
536 Broadhollow Road
Melville, New York 11747
(telephone 516-254-7106).

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.

General

- The certificates will represent beneficial ownership interests in the trust assets.
- The trust assets will consist of various REMIC securities to be issued by Structured Asset Securities Corporation, an affiliate of Lehman Brothers Inc.
- The first mortgage pool consists primarily of fixed-rate, fully amortizing, first lien, single-family mortgage loans, and the second mortgage pool consists primarily of adjustable-rate, fully amortizing, first lien, single-family mortgage loans.

Table of Corresponding Classes

The following table sets forth each class of the certificates offered by this prospectus and the corresponding class of the REMIC securities. All amounts payable on each class of REMIC securities will be passed through to the corresponding class of certificates.

<u>Class of Offered Certificates</u>	<u>Corresponding Class of REMIC Securities</u>
A1	1-A1
A2	1-A2
A3	1-AP
A4	1-AX
A5	2-A1
A6	2-A2
A7	2-AXA
A8	2-AXB

Characteristics of the Mortgage Pools Underlying the REMIC Securities

For information about the mortgage loans included in the related mortgage pools, see the section of the Offering Circular entitled "Description of the Mortgage Pools."

Class Factors

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

Settlement Date

We expect to issue the certificates on December 8, 1998.

Distribution Dates

Beginning in December 1998, 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 (other than the accrual class) in an amount equal to the interest payable in that month on the corresponding class of REMIC securities.

Notional Classes

The notional classes will not receive any principal. Each notional class has a notional balance used to determine accrued interest. The method for calculating the notional balance for each notional class is identical to that set forth for the corresponding class of REMIC securities in the footnotes that appear on page i of the Offering Circular.

Payments of Principal

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

Guaranty Payments

We guarantee that interest and principal on the certificates will be paid as provided above. In addition, in the case of the Class A1 and Class A2 certificates, we guarantee the payment of certain losses allocated to the corresponding classes of REMIC securities. In the case of the Class A3 certificates, we guarantee the payment of any Class 1-AP Deferred Amount (as defined in the Offering Circular) once the principal balances of any classes that are subordinate to such corresponding classes of REMIC securities have been reduced to zero. Finally, in the case of each class of certificates, we guarantee the payment of any principal balance that remains outstanding on the final distribution date.

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 1 of the Offering Circular.

Suitability

The certificates are **not** a suitable investment for every investor.

- Before investing, you should have sufficient knowledge and experience to evaluate the merits and risks of the certificates and the information contained in this prospectus, including the Offering Circular, and the other documents incorporated by reference.
- You should thoroughly understand the terms of the certificates.
- You should thoroughly understand the terms of the REMIC securities.
- 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 investigate any legal investment restrictions that may apply to you.

Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain 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

Your effective yield on the certificates will depend upon:

- the price you paid for the certificates;
- how quickly or slowly borrowers prepay the mortgage loans in the pools underlying the REMIC securities;

- if and when the related mortgage loans are liquidated due to borrower defaults, casualties or condemnations affecting the properties securing those loans;
- if and when the related mortgage loans are repurchased; and
- the actual characteristics of the related mortgage loans.

Because certain mortgage loans underlying the REMIC securities have comparatively higher coupons, they may be more likely to prepay than mortgage loans having lower coupons. If the higher coupon mortgage loans underlying the classes of REMIC securities corresponding to the classes of weighted average coupon rate certificates prepay earlier or in greater amounts than you expect, the rate of interest accruing on such certificates could decline. In such event, the expected yield on such certificates could decline and, particularly in the case of interest only certificates, such decline could be significant.

If the mortgage loans underlying the principal only class of REMIC securities prepay later or in smaller amounts than you expect, principal on the principal only class of certificates would be paid later than you expect and your yield could decline.

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

- if you bought your certificates at a premium and principal payments are faster than you expect, or
- if you bought your certificates at a discount and principal payments are slower than you expect.

Furthermore, in the case of interest only certificates and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

Even if the underlying mortgage loans are prepaid at a rate that on average is consistent with your expectations, variations in the prepayment rate over time 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 prepayment 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.

Mortgage loans that prepay will accrue interest only to the date of prepayment rather than for a full month. If the related servicers do not make compensating interest payments sufficient to cover any such prepayment interest shortfalls, interest payments on the certificates will be reduced.

Certain assumptions concerning the mortgage loans were used in preparing the tabular information set forth in the Offering Circular. If the actual mortgage loan characteristics differ even slightly from those assumptions, the weighted average lives and yields of the certificates could be affected.

You must make your own decision as to the assumptions, including the principal prepayment assumptions, you will use in deciding whether to purchase the certificates.

The actual final payment on your class of certificates may occur earlier, and could occur much earlier, than the related final distribution date listed on the cover page of this prospectus. If you assumed the actual final payment would occur on the final distribution date specified, your yield could be lower than you expect.

Allocation of Excess Losses

Certain bankruptcy, fraud and special hazard losses on the mortgage loans underlying the REMIC securities that correspond to the Class A1 and Class A2 certificates will be allocated to those REMIC securities under the circumstances described in the Offering Circular. Any such loss allocation will result in a corresponding reduction in the principal balances of

the Class A1 and Class A2 certificates. In such event, our guaranty will not provide for any payment to compensate investors for such reductions in principal balance.

Prepayment Considerations

The rate of principal payments on the certificates will depend in part on the rate of principal payments on the mortgage loans underlying the corresponding REMIC securities. 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 because borrowers generally may prepay the mortgage loans at any time without penalty.

It is highly unlikely that the mortgage loans will prepay:

- at the rates we assume,
- at a constant percentage of the specified prepayment scenario until maturity, or
- at the same rate.

Many mortgage 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, borrowers often seek to refinance their loans by obtaining new loans secured by the same properties. Refinancing of loans also affects the rate of prepayment. Furthermore, certain institutions that made representations and warranties with respect to certain mortgage loans may have to repurchase those loans if they fail to conform to those representations and warranties. These repurchases also affect the rate of prepayment.

The depositor for the REMIC trust may terminate the REMIC trust once the combined balances of the underlying mortgage loans are reduced to less than 10% of their original level. If the depositor terminates the REMIC trust, it would purchase all of the mortgage loans, having the effect of a prepayment in full of the mortgage loans. For a further description of the termination risks, you should read the Offering Circular.

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

- the level of current interest rates relative to the rates borne by the mortgage loans underlying the REMIC securities,
- homeowner mobility,
- the general creditworthiness of the borrowers,
- borrower sophistication regarding the benefits of refinancing,
- solicitation by competing lenders,
- repurchases of mortgage loans from the related mortgage pools, 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 underlying the REMIC securities.

Market and Liquidity Considerations

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 required to be paid on the REMIC securities;
- the characteristics of the mortgage loans in the underlying pools;
- past and expected prepayment levels of the mortgage loans and comparable 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.

Fannie Mae Guaranty Considerations

If we were unable to perform our guaranty obligations, certificateholders would receive only payments on the REMIC securities. If that happened, delinquencies and defaults on the mortgage loans could directly affect the amounts that certificateholders would receive each month.

DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates (defined below). 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 such 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 of this prospectus (the “Trust”) pursuant to a trust agreement dated as of November 1, 1998 (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and in our capacity as trustee (the “Trustee”). We will issue the Certificates indicated on the cover 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 various classes of mortgage pass-through certificates (the “REMIC Securities”) evidencing beneficial ownership interests in the assets held in the related REMIC trust (the “REMIC Trust”) as further described in the Offering Circular. Each Class of Certificates (a “Class”) will correspond to a particular class of REMIC Securities, as shown in the table on page 4 of this prospectus.

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

- the Interest Distribution Amount and
- the Principal Distribution Amount.

In addition, in the case of the Class A1 and Class A2 Certificates, we guarantee the payment on each Distribution Date of all Realized Losses (as defined in the Offering Circular) other than Excess Losses (as defined in the Offering Circular) allocated to the corresponding classes of REMIC Securities since the previous Distribution Date. In the case of the Class A3 Certificates, we guarantee the payment of any Class 1-AP Deferred Amount (as defined in the Offering Circular) on the first Distribution Date after the principal balance of the Class 1-B1 Certificates (a subordinate class issued by the REMIC Trust that provides support for the Group 1 REMIC Securities) has been reduced to zero. In the case of each Class of Certificates that has a principal balance, we guarantee the payment of the outstanding principal balance that remains unpaid on the Final Distribution Date shown on the cover of this prospectus.

Our guaranty relates only to the Certificates offered under this prospectus. We provide no guaranty on the REMIC Securities. Reductions in interest payments on the Certificates due to prepayment interest shortfalls on the Mortgage Loans underlying the REMIC Securities will be covered by our guaranty only to the extent of the compensating interest amounts required to be paid by the related servicers or the master servicer.

If we were unable to perform our guaranty obligations, Certificateholders would receive only the amounts paid and other recoveries on the REMIC Securities. If that happened, delinquencies and defaults on the Mortgage Loans would directly affect the amounts that Certificateholders would receive each month. Our guaranty is not backed by the full faith and credit of the United States.

Characteristics of Certificates. The Certificates will be represented by one or more certificates (the “DTC 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 Dates. Beginning in December 1998, 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 Offering 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 Certificate-holders who were Holders of record on the last day of the preceding month or, in the case of the initial Distribution Date, Holders of record on the date we issue the Certificates (expected to be December 8, 1998).

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

Termination of the REMIC Trust. Structured Asset Securities Corporation (the “REMIC Depositor”) may terminate the REMIC Trust when the combined principal balances of the Mortgage Loans have been reduced to less than 10% of their original level. If the REMIC Depositor terminates the REMIC Trust, all of the Mortgage Loans would be purchased, having the effect on the Certificates of a prepayment in full of the Mortgage Loans. For a further discussion of termination of the REMIC Trust, see the attached Offering Circular.

Voting the REMIC Securities. Holders of certain REMIC Securities may have to vote on issues arising under the documents governing the REMIC Trust. If so, the Trustee will vote the REMIC Securities as instructed by Holders of the corresponding Classes of Certificates. The Trustee must receive instructions from Holders of the related Certificates having principal balances totaling at least 51% of the combined principal balances of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

The REMIC Securities

The REMIC Securities represent the senior beneficial ownership interests in two separate pools (each, a “Pool”) held in the REMIC Trust and consisting primarily of fixed-rate or adjustable-rate, fully amortizing mortgage loans secured by first liens on single-family (*i.e.*, one- to four-family) residential properties (the “Mortgage Loans”). As indicated in the Offering Circular, the Mortgage Loans will be deposited in the REMIC Trust by the REMIC Depositor.

Each of the REMIC Securities represents an entitlement to monthly interest and principal due on the related Mortgage Loans, subject to the payment priorities specified in the Offering Circular. Interest and principal payable on each class of REMIC Securities will be passed through to Holders of the corresponding Class of Certificates. Interest on the REMIC Securities will accrue on their outstanding principal balances as described in the Offering Circular. However, the amount of interest payable on the REMIC Securities may be reduced as a result of certain shortfalls in interest arising from prepayments in full on the Mortgage Loans that are in excess of the compensating interest amounts required to be paid by the related servicers or the master servicer or as a result of other limitations described in the Offering Circular. Principal on the REMIC Securities will be paid based on the specific cash flow sequence and subject to the payment priorities described in the Offering Circular. As a result, the rate of principal payments on the REMIC Securities may vary considerably from time to time.

See the Offering Circular for detailed information about each class of REMIC Securities.

Book-Entry Procedures

General. The DTC 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 DTC Certificates, whether held for its own account or as a nominee for another person. State Street Bank and Trust Company will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

A person who acquires a beneficial ownership interest in the DTC Certificates (a “beneficial owner” or an “investor”) will not receive a physical certificate representing such interest. An investor’s interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains the investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such interest 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. Accordingly, neither the Trustee nor the Depository will recognize an investor as a Certificateholder. An investor must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. An investor may transfer its beneficial ownership interest in the DTC Certificates only by complying with the procedures of its financial intermediary and of Depository Participants. In general, beneficial ownership of an investor’s interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

Method of Distribution. The Paying Agent will distribute each distribution on the DTC Certificates to the Depository in immediately available funds. The Depository will credit such distributions to the accounts of the Depository Participants entitled to them, in accordance with the Depository’s normal procedures. The Depository currently provides for distributions in same-day funds settled through the New York clearing house. Each Depository Participant and each financial intermediary will disburse such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience a delay in receiving distributions.

Payments of Interest

Categories of Classes

For the purpose of interest payments, the Classes of Certificates fall into the following categories:

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed-Rate	A1, A2 and A4
Accrual	A2
Interest Only	A4
Principal Only	A3
Group 2 Classes	
Fixed-Rate	A7
Weighted Average Coupon	A5, A6 and A8
Interest Only	A7 and A8

* See “—Class Definitions and Abbreviations” below.

Interest Distribution Amount. On each Distribution Date, we will pay to the Holders of each Class of Certificates an amount of interest (the “Interest Distribution Amount”) equal to the interest amount payable on the corresponding class of REMIC Securities in the month of that Distribution Date.

Payments of Principal

Categories of Classes

For the purpose of principal payments, the Classes of Certificates fall into the following categories:

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Pass-Through	A1, A2 and A3
Accretion Directed	A1
Notional	A4
Group 2 Classes	
Pass-Through	A5 and A6
Notional	A7 and A8

* See “—Class Definitions and Abbreviations” below.

Principal Distribution Amount. On each Distribution Date, we will pay to the Holders of each Class of Certificates an amount of principal (the “Principal Distribution Amount”) equal to the principal amount payable on the corresponding class of REMIC Securities in the month of that Distribution Date.

Allocation of Excess Losses. Excess Losses (as defined in the Offering Circular) that are allocated to the REMIC Securities that correspond to the Class A1 and Class A2 Certificates will result in a corresponding reduction in the principal balances of the Class A1 and Class A2 Certificates.

Class Definitions and Abbreviations

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

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definitions</u>
INTEREST TYPES		
FIX	Fixed-Rate	Has an interest rate that is fixed throughout the life of the Class.
IO	Interest Only	Receives some of the interest payments made on the related Mortgage Loans but no principal. Interest Only Classes have a notional principal balance. A notional principal balance is the amount used as a reference to calculate the amount of interest due on an Interest Only Class.
PO	Principal Only	Does not bear interest and is entitled to receive only payments of principal.
WAC	Weighted Average Coupon	Has an interest rate that represents an effective weighted average interest rate that may change from period to period.
Z	Accrual	Accretes the amount of accrued interest otherwise distributable on this class. The accreted amount will be added as principal to the principal balance of this Class on each Distribution Date.
PRINCIPAL TYPES		
NTL	Notional	Has no principal balance and bears interest on its notional amount. The notional amount is used to determine interest distributions on an Interest Only Class that is not entitled to principal balance.
PT	Pass-Through	Is designed to receive principal payments in direct relation to actual payments on the REMIC Securities.

Yield Tables, Modeling Assumptions, Decrement Tables, Weighted Average Lives

See the section of the Offering Circular entitled “Yield, Prepayment and Weighted Average Life Considerations.”

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, will equal the amount of principal of that Certificate that will still be outstanding after the principal to be paid on the next Distribution Date 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.

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

Certain Matters Regarding Fannie Mae

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

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

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

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

Events of Default

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

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

Rights upon Event of Default

If one of the Events of Default listed above has occurred and continues uncorrected, Certificateholders who represent ownership interests totaling at least 25% of the Trust have the right to terminate, in writing, our obligations under the Trust Agreement both as Trustee and in our corporate capacity. However, our guaranty obligations will continue in effect. The same proportion of Certificateholders that has the right to terminate us may also appoint, in writing, a successor to all of our terminated obligations. In addition, the successor that they appoint will take legal title to the 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 the Trust consent, we may amend the Trust Agreement to eliminate, change or add to the terms of the Trust Agreement or to waive our compliance with any of those terms. Nevertheless, we may not terminate or change our guaranty obligations or reduce the percentage of Certificateholders who must consent to the types of amendments listed in the previous sentence. In addition, unless each affected Certificateholder consents, no amendment may reduce or delay the funds that are required to be distributed on any Certificate.

Repurchase Option

On any Distribution Date when the aggregate principal balance of the Certificates is less than 1% of the aggregate original principal balance of the Certificates, we will have the right to repurchase (the “Repurchase Option”) each class of REMIC Securities, at a price equal to its outstanding principal balance plus any accrued interest, and thereby terminate the Trust.

Termination

The Trust Agreement will terminate (i) when the REMIC Securities have been paid off or liquidated, and their proceeds distributed, or (ii) when we exercise our Repurchase Option, whichever occurs first. 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.

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 (“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 Owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.

- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

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

Taxation of Owners of Certificates

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 REMIC Securities will be the assets of the Trust. Each Owner of a Certificate will be treated as the owner of an undivided interest in the corresponding class of REMIC Securities held by the Trust and will be required to report its pro rata share of the income accruing with respect to that class of REMIC Securities. In addition, each Owner will be required to include in income its allocable share of the expenses paid by the Trust, which are expected to be annually an amount equal to 0.115% per annum of the aggregate outstanding principal of all the Certificates.

Each Owner 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. An 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, and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such an Owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the Owner’s other miscellaneous itemized deductions, exceed two percent of the 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 trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code provides that certain itemized deductions otherwise allowable for an Owner who is an individual are reduced by an amount equal to 3% of the Owner’s adjusted gross income in excess of a statutorily defined threshold, but not more than 80% of itemized deductions otherwise allowable. Further, an Owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

Taxation of REMIC Securities

The Offering Circular discusses tax consequences to holders of the REMIC Securities. Because an Owner of a Certificate will be required to report its pro rata share of the income accruing with respect to the corresponding class of REMIC Securities, you should review the discussion there.

The Offering Circular states that each REMIC Security qualified as a “regular interest” in a “real estate mortgage investment conduit” (a “REMIC”) within the meaning of the Code as of the date of the Offering Circular and that each REMIC Security will continue to qualify as a regular interest in a REMIC, provided that certain requirements are met after that date. Qualification as a regular interest in a REMIC requires initial and ongoing compliance with certain conditions. The remainder of this discussion assumes that all the requirements for qualification as a regular interest in a REMIC have been, and will continue to be, met with respect to the REMIC Securities. If a REMIC Security were to fail to qualify as a regular interest in a REMIC, that REMIC Security might not be accorded the status described under “—Special Tax Attributes” below and the REMIC Trust might be taxable as a corporation. You should consult your tax advisors regarding the tax consequences to an Owner of a Certificate if a REMIC Security were to fail to qualify as a regular interest in a REMIC.

Sales and Other Dispositions of Certificates

A sale or other disposition of a Certificate will constitute a sale or other disposition of a pro rata portion of the corresponding class of REMIC Securities. Upon the sale, exchange, retirement or other disposition of a regular interest in a REMIC, the beneficial owner of the regular interest generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the owner's adjusted basis in the regular interest. In addition, the Code requires the recognition of gain upon the "constructive sale of an appreciated financial position." In general, a constructive sale of an appreciated financial position occurs if a taxpayer enters into certain transactions or series of transactions with respect to a financial instrument that have the effect of substantially eliminating the taxpayer's risk of loss and opportunity for gain with respect to the financial instrument. These provisions do not apply to regular interests other than regular interests that are interest only securities.

The adjusted basis of a regular interest generally will equal the cost of the regular interest to the owner, increased by any original issue discount or market discount included in the owner's gross income with respect to the regular interest and reduced by distributions previously received by the owner of amounts included in the regular interest's stated redemption price at maturity and by any premium that has reduced the beneficial owner's interest income with respect to the regular interest.

The gain or loss, if any, will be capital gain or loss, provided the regular interest is held as a "capital asset" (generally, property held for investment) within the meaning of section 1221 of the Code and none of the following exceptions applies. First, gain that might otherwise be capital gain will be treated as ordinary income to the extent that the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the income of the beneficial owner had income accrued at a rate equal to 110 percent of the "applicable Federal rate" (generally, an average of current yields on Treasury securities) as of the date of purchase over (ii) the amount actually includible in the beneficial owner's income. Second, gain recognized by a beneficial owner who purchased a regular interest at a market discount will be taxable as ordinary income in an amount not exceeding the portion of the market discount that accrued during the period the regular interest was held by the beneficial owner, reduced by any market discount with respect to the regular interest otherwise included in income. Third, any gain or loss resulting from a sale or exchange described in section 582(c) of the Code (which generally applies to banks) will be taxable as ordinary income or loss.

Special Tax Attributes

Regular interests in a REMIC will be "regular or residual interests in a REMIC" within the meaning of section 7701(a)(19)(C)(xi) of the Code and "real estate assets" within the meaning of section 856(c)(5)(B) of the Code. If at any time during a calendar year less than 95 percent of the assets of REMIC consist of "qualified mortgages," then the portion of the regular interests in the REMIC that are qualifying assets under those sections during the calendar year may be limited to the portion of the assets of the REMIC that are "qualified mortgages." Similarly, income on regular interests will be treated as "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code, subject to the same limitation as set forth in the preceding sentence. For purposes of applying this limitation, a REMIC should be treated as owning the assets represented by the "qualified mortgages" held by the REMIC. In general, a mortgage loan will be a "qualified mortgage" if the mortgage loan is "principally secured by an interest in real property" within the meaning of section 860G(a)(3) of the Code.

Regular interests held by a financial institution (as referred to in section 582(c)(2) of the Code) will be treated as evidences of indebtedness for purposes of section 582(c)(1) of the Code. Regular interests will also be "qualified mortgages" within the meaning of section 860G(a)(3) of the Code with respect to other REMICs and "permitted assets" within the meaning of section 860L(c)(1) of the Code with respect to financial asset securitization investment trusts.

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 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 at a rate of 31 percent 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 an 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 of its political subdivisions,
- 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 United States person has the authority to control all substantial decisions of the trust.

Payments on a Certificate made to, or on behalf of, an 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 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 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 Owner and
- the last U.S. Person in the chain of payment to the Owner receives such statement from the Owner or a financial institution holding on behalf of the Owner and does not have actual knowledge that such statement is false.

You should be aware that the IRS might take the position that this exemption does not apply to an Owner that also owns 10 percent or more of the residual interest in the REMIC Trust or of the voting stock of Fannie Mae, or to an Owner that is a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code.

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 the rules, guidelines and regulations that apply to you prior to purchasing any Certificates. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any Certificate. **Investors should consult their 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 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, 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

Pursuant to a Fannie Mae commitment, we will deliver the Certificates to Lehman Brothers Inc. (the “Dealer”) in exchange for the REMIC Securities. The Dealer proposes 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 Dealer may effect these transactions to or through other dealers.

LEGAL MATTERS

Brown & Wood LLP will provide legal representation for Fannie Mae. Brown & Wood LLP also will provide legal representation for the Dealer.

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OFFERING CIRCULAR

\$335,357,684 (Approximate)

STRUCTURED ASSET SECURITIES CORPORATION

Mortgage Pass-Through Certificates, Series 1998-11

Norwest Bank Minnesota, National Association

Master Servicer

The Structured Asset Securities Corporation Mortgage Pass-Through Certificates, Series 1998-11 (the "Certificates"), will evidence, in the aggregate, the entire beneficial ownership interest in a trust fund (the "Trust Fund") consisting primarily of two pools (each, a "Mortgage Pool") of adjustable and fixed rate, fully amortizing, conventional, first lien residential Mortgage Loans or participations therein (the "Mortgage Loans") to be deposited by Structured Asset Securities Corporation (the "Depositor") into the Trust Fund for the benefit of Certificateholders. Certain of the Mortgage Loans (or participations therein) to be included in the Trust Fund will be sold by Lehman Capital, A Division of Lehman Brothers Holdings Inc. (the "Seller" or "Lehman Capital"), to the Depositor (and simultaneously conveyed by the Depositor to the Trust) on the date of the initial issuance of the Certificates (the "Closing Date"), while other Mortgage Loans will be purchased directly by the Depositor from a securitization vehicle for deposit to the Trust Fund on the Closing Date. Norwest Bank Minnesota, National Association will act as master servicer (the "Master Servicer") of the Mortgage Loans, which will initially be serviced on behalf of the Master Servicer by multiple servicers. See "THE MASTER SERVICER" and "THE SERVICERS".

The Mortgage Loans will be transferred to the Trust Fund by the Depositor in exchange for the Certificates pursuant to a Trust Agreement, dated as of November 1, 1998, by and among the Depositor, the Master Servicer and The First National Bank of Chicago, as Trustee (the "Trustee"); certain characteristics of the Mortgage Loans in each Mortgage Pool are described under "DESCRIPTION OF THE MORTGAGE POOLS."

For a discussion of certain significant factors affecting investments in the Offered Certificates (as defined below), see "RISK FACTORS" herein at page 1.

THE OFFERED CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. NO TRANSFER OR SALE OF THE OFFERED CERTIFICATES SHALL BE MADE UNLESS SUCH TRANSFER IS NOT SUBJECT TO REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS.

(cover continued on next page)

Only the Class 1-A1, Class 1-A2, Class 1-AP, Class 1-AX, Class 2-A1, Class 2-A2, Class 2-AXA and Class 2-AXB Certificates (the "Offered Certificates") are offered by Lehman Brothers Inc. ("Lehman Brothers") pursuant to this Offering Circular. This Offering Circular has been prepared by the Depositor solely in connection with the offering of the Offered Certificates to the Federal National Mortgage Association ("Fannie Mae"). It is expected that delivery of the Offered Certificates will be made initially in book-entry form through the Same Day Funds Settlement System of The Depository Trust Company on or about November 25, 1998 (the "Closing Date").

LEHMAN BROTHERS

November 25, 1998

The Certificates will be issued in the following Classes:

<u>Class</u>	<u>Class Certificate Principal Amount (1)</u>	<u>Certificate Interest Rate</u>	<u>CUSIP Number</u>
Class 1-A1	\$141,620,000	6.50000%	863572WU3
Class 1-A2	1,334,000	6.50000%	863572WV1
Class 1-AP	151,647	(6)	863572WW9
Class 1-AX	(2)	6.50000%	863572XD0
Class 1-B1	3,932,000	6.61500%	863572WX7
Class 1-B2	3,145,000	6.61500%	863572WY5
Class 1-B3	2,359,000	6.61500%	863572WZ2
Class 1-B4	1,572,000	6.61500%	863572XA6
Class 1-B5	787,000	6.61500%	863572XB4
Class 1-B6	2,358,998	6.61500%	863572XC2
Class 2-A1	114,219,558	(7)	863572XE8
Class 2-A2	78,032,479	(8)	863572XG3
Class 2-AXA	(3)	0.15000%	863572XF5
Class 2-AXB	(4)	(4)	863572XH1
Class 2-B1	5,281,649	(9)	863572XJ7
Class 2-B2	4,225,319	(9)	863572XK4
Class 2-B3	3,168,989	(9)	863572XL2
Class 2-B4	2,323,925	(9)	863572XM0
Class 2-B5	1,161,962	(9)	863572XN8
Class 2-B6	2,852,090	(9)	863572XP3
Class R	(5)	(5)	—

(1) Approximate, as described herein.

(2) The Class 1-AX Certificate will have no Certificate Principal Amount and will accrue interest on a calculated aggregate Notional Amount equal, as to any Distribution Date, to the product of (x) the fraction, the numerator of which is the excess of the weighted average (by Scheduled Principal Balance) of the Net Mortgage Rates of the Pool 1 Premium Mortgage Loans (as defined herein) over 6.6150%, and the denominator of which is 6.50% and (y) the aggregate Scheduled Principal Balance of the Pool 1 Premium Mortgage Loans as of the first day of the related Accrual Period. The aggregate Notional Amount for the Class 1-AX Certificates for the initial Accrual Period is expected to be approximately \$54,612,635. The Class 1-AX Certificates will be interest-only Certificates; accordingly, they will not be entitled to distributions of principal.

(3) The Class 2-AXA Certificates will have no Certificate Principal Amount and will accrue interest on an aggregate Notional Amount equal, as to any Distribution Date, to the Certificate Principal Amount of the Class 2-A1 Certificates for such date.

(4) The Class 2-AXB Certificates will have no Certificate Principal Amount and will accrue interest on an aggregate Notional Amount equal, as to any Distribution Date, to the Class Principal Amount of the Class 2-A2 Certificates for such date. Interest will accrue on the Class 2-AXB Certificates at a per annum rate equal to the excess, if any, of (x) the weighted average (by Scheduled Principal Balance) of the Net Mortgage Rates of the Subgroup 2-B Mortgage Loans minus 0.115% over (y) the Interest Rate for the Class 2-A2 Certificates with respect to such Accrual Period. The Interest Rate applicable to the Class 2-AXB Certificates for the Initial Accrual Period is expected to be 2.02427%.

(5) The Class R Certificate will represent ownership of the sole Class of "residual interest" in the Lower Tier REMIC and the Upper Tier REMIC, respectively, and, accordingly will not be entitled to current distributions of principal and will not accrue interest. The Class R Certificate will not be issued with a Class Principal Balance or any Interest Rate.

(6) The Class 1-AP Certificates will be principal-only Certificates; accordingly, they will not accrue interest.

(7) Interest will accrue on the Class 2-A1 Certificates with respect to each Distribution Date at a per annum rate equal to the weighted average (by Scheduled Principal Balance) of the Net Mortgage Rates of the Subgroup 2-A Mortgage Loans minus 0.265%. The Interest Rate applicable to the Class 2-A1 Certificates for the initial Accrual Period is expected to be approximately 7.36870%.

- (8) Interest will accrue on the Class 2-A2 Certificates with respect to each Distribution Date at a per annum rate equal to the lesser of (i) LIBOR (as defined herein) for the related LIBOR Determination Date (as defined herein) plus 0.55% and (ii) 8.50%. The Interest Rate applicable to the Class 2-A2 Certificates for the initial Accrual Period is expected to be approximately 5.61094%.
- (9) Interest will accrue on the Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4, Class 2-B5 and Class 2-B6 Certificates (collectively the "Group 2 Subordinate Certificates") at a per annum rate equal in each case to the weighted average (by Scheduled Principal Balance) of the Net Mortgage Rates of the Pool 2 Mortgage Loans. The Interest Rate applicable to all such Group 2 Subordinate Certificates for the initial Accrual Period is expected to be 7.68099%.

The Mortgage Loans are divided into two pools ("Pool 1" and "Pool 2", and each, a "Mortgage Pool"). Pool 1 primarily includes conventional, fully amortizing, monthly payment Mortgage Loans bearing fixed interest rates with original maturities of generally 30 years (the "Pool 1 Mortgage Loans") and Pool 2 primarily includes conventional, fully amortizing, monthly payment Mortgage Loans bearing variable interest rates that adjust either monthly, quarterly, semi-annually, annually, every three years or at other intervals (based upon an index as specified in the related Mortgage Note) with original maturities of generally 30 years (the "Pool 2 Mortgage Loans"). The Pool 2 Mortgage Loans are divided into two subgroups (the "Subgroup 2-A Mortgage Loans" and the "Subgroup 2-B Mortgage Loans" and each a "Subgroup") for purposes of determining distributions of interest and principal on the Group 2 Certificates. See "DESCRIPTION OF THE CERTIFICATES—Distributions on the Group 2 Certificates". Except as otherwise indicated, whenever reference is made herein to a percentage of some or all the Mortgage Loans, such percentage is determined on the basis of the aggregate Scheduled Principal Balance (as defined herein) of some or all of the Mortgage Loans of the related Mortgage Pool as of November 1, 1998 (the "Cut-off Date").

The Group 1 Certificates (as listed below) relate to the Pool 1 Mortgage Loans:

Group 1 Certificates

Senior Certificates	Class 1-A1, 1-A2, 1-AP, 1-AX
Subordinate Certificates	Class 1-B1, 1-B2, 1-B3, 1-B4, 1-B5 and 1-B6
Residual Certificates	Class R

The Group 2 Certificates (as listed below) relate to the Pool 2 Mortgage Loans:

Group 2 Certificates

Senior Certificates	Class 2-A1, 2-A2, 2-AXA and 2-AXB
Subordinate Certificates	Class 2-B1, 2-B2, 2-B3, 2-B4, 2-B5 and 2-B6

Neither the Group 1 Certificates nor the Group 2 Certificates (each, a "Certificate Group") will be cross-collateralized for purposes of determining distributions of principal and interest with respect to such Certificates. Accordingly, the sole source of such distributions with respect to each Certificate Group will be the payments of principal and interest received (or advanced) on the Mortgage Loans in the related Mortgage Pool (or the related Subgroup in the case of the Group 2 Senior Certificates).

The Subordinate Certificates of each Certificate Group are subordinate to the Senior Certificates of the related Certificate Group to the extent described herein. As a result of such subordination, the yields to maturity on the Subordinate Certificates will be sensitive, in varying degrees (and will each be more sensitive than the yields to maturity on the Senior Certificates of the related Certificate Group) to delinquencies and losses on the Mortgage Loans in the related Mortgage Pool.

Principal and interest on the Offered Certificates will be distributable monthly on the 25th day of each month or, if such day is not a Business Day (as defined herein), on the next succeeding Business Day, commencing in December 1998 (each, a "Distribution Date"). As more fully described herein, interest on the Offered Certificates will be calculated on the basis of Certificate Principal Amounts or Notional Amounts thereof and the applicable Interest Rates as described herein.

The Offered Certificates will initially be rated "AAA" by Fitch IBCA, Inc. ("Fitch" or the "Rating Agency"). See "RATING."

For federal income tax purposes, the Trust Fund will consist of two real estate mortgage investment conduits (the "Lower Tier REMIC" and the "Upper Tier REMIC", respectively, and each a "REMIC"). Each Certificate, other than the Residual Certificate, will be designated as a "regular interest" in the Upper Tier REMIC. The Class R Certificate will represent ownership of the sole class of "residual interest" in the Lower Tier REMIC and the Upper Tier REMIC, respectively. See "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein.

The yields to maturity of the Offered Certificates purchased at a premium or discount will be especially sensitive to the rate and timing of principal payments. Investors should consider the risk that in the case of the Offered Certificates purchased at a discount, in particular the Class 1-AP Certificates, a slower than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield, and that in the case of Offered Certificates purchased at a premium, in particular the Class 1-AX, Class 2-AXA and Class 2-AXB Certificates, a faster than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield, and could result in failure of investors to recover their initial investments. See "YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE CONSIDERATIONS" herein.

It is a condition to issuance of the Offered Certificates that such Certificates be purchased by Fannie Mae. See "OFFERING" herein.

There is currently no secondary market for the Offered Certificates and there can be no assurance that a secondary market for the Offered Certificates will develop or, if one does develop, that it will continue. See "RISK FACTORS—Limited Liquidity" herein.

The information set forth herein under "THE MASTER SERVICER" has been provided by Norwest Bank Minnesota, National Association ("Norwest" or the "Master Servicer"), and the information set forth herein under "THE SERVICERS" has been provided by Aurora Loan Services, Inc. and Washington Mutual Bank, F.A., to the extent indicated therein. No representation is made by the Seller, the Depositor, Lehman Brothers, the Trustee or any of their respective affiliates as to the accuracy or completeness of the information provided by the Master Servicer or such Servicers.

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RISK FACTORS

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

Limited Liquidity

The Offered Certificates will not be registered or qualified under the 1933 Act or the securities laws of any state or other jurisdiction. The Trust Fund will not be registered under the Investment Company Act of 1940, as amended (the "1940 Act"), in reliance upon certain exemptions from registration thereunder. The Offered Certificates are being offered only to Fannie Mae, which intends to deposit the Offered Certificates in a trust to be formed by Fannie Mae. Pursuant to the Trust Agreement, the Offered Certificates may not thereafter be sold except under limited circumstances.

No Cross-Collateralization

Each Certificate Group will be credit enhanced separately (i.e., assigned a separate level of subordination) and the sole source of distributions of principal and interest for the Certificates of each Certificate Group will be the payments of principal and interest received (or advanced) from the related Mortgage Pool (or, in the case of the Offered Certificates in Group 2, the related Subgroup of Mortgage Pool 2). *As a result, a disproportionately high rate of losses in any particular Mortgage Pool may result in losses on the Offered Certificates in the related Certificate Group even though the credit enhancement in respect of the other Mortgage Pool would be sufficient to cover such losses.*

Subordination

Credit enhancement for the Offered Certificates is provided by the subordination of Certificates in the related Certificate Group having a lower priority of distribution. The yields to maturity of the Subordinate Certificates of a particular Certificate Group will be more sensitive, in varying degrees, to delinquencies and losses on the Mortgage Loans in the related Mortgage Pool than the yields of Classes of Offered Certificates of such Certificate Group having a relatively higher priority of distribution. In addition, after the Certificate Principal Balance of all Classes of Subordinate Certificates of a particular Certificate Group has been reduced to zero, losses on the Mortgage Loans in the related Mortgage Pool will reduce the principal amount of the Senior Certificates of such Certificate Group. See "YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE CONSIDERATIONS" herein.

Certificates Purchased at a Premium or a Discount

The yields to holders of Offered Certificates purchased at a premium or a discount will be affected by, among other things, the actual rate of principal payments (including prepayments) on the Mortgage Loans. A slower rate of principal prepayments than anticipated will negatively affect the yield on Certificates sold at a discount, particularly the Class 1-AP Certificates; a slower than anticipated rate of principal prepayments could result in an actual yield on the Class 1-AP Certificates that is lower than the anticipated yield. A faster rate of principal prepayments than anticipated will negatively affect the yield on Certificates sold at a premium, particularly the Class 1-AX, Class 2-AXA and Class 2-AXB Certificates; a faster than anticipated rate of principal prepayments could result in an actual yield on the Class 1-AX, Class 2-AXA and Class 2-AXB Certificates that is lower than the anticipated yield, and

could result in the failure of investors in such Certificates to recover their initial investments. No representation is made either (1) as to the anticipated rate or amount of prepayments, delinquencies, defaults, or losses on the Mortgage Loans of either Mortgage Pool or (2) as to the anticipated yields to maturity of the Offered Certificates of either Certificate Group. See "YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE CONSIDERATIONS." As used in this Offering Circular, the term "prepayments" includes voluntary prepayments, liquidation proceeds, insurance and other unscheduled recoveries in respect of the Mortgage Loans.

Limited Obligations

The Offered Certificates will not represent an interest in or obligation of the Seller, the Master Servicer, any Servicer, the Depositor, the Trustee, Lehman Brothers or any of their respective affiliates. The Offered Certificates will not be guaranteed or insured by any governmental agency or instrumentality, the Seller, the Master Servicer, any Servicer, the Depositor, the Trustee, Lehman Brothers or any of their affiliates or by any other person. There will be no recourse to the Depositor, the Trustee or any other entity in the event that payments and other recoveries on the Mortgage Loans of either Mortgage Pool are insufficient or otherwise unavailable to make all payments provided for under the Offered Certificates of the related Certificate Group.

Risks Associated with the Mortgage Loans

Credit Quality; Potential Delinquencies. The Mortgage Loans were originated by various affiliated and unaffiliated sources to the Seller and the Depositor, including banks, savings institutions, finance companies, mortgage companies, mortgage brokers, insurance companies and governmental agencies. Such Mortgage Loans were *not* re-underwritten by the Seller or the Depositor in accordance with any uniform underwriting guidelines. No representation is made as to what guidelines may have been applied by the various originators in origination of the Mortgage Loans. The obligors with respect to the Mortgage Loans (the "Mortgagors") may have had imperfect credit histories.

Certain of the Mortgage Loans, upon conveyance to the Trust Estate, may be or have been within the past year, delinquent in their scheduled monthly payments of principal and interest. Certain of such Mortgage Loans were thirty days or more but less than sixty days delinquent in payment. Certain of such Mortgage Loans may have been thirty days or more but less than sixty days delinquent in payment more than once during the twelve months preceding the Cut-off Date.

Loan-to-Value Ratios. Mortgage Loans with higher Loan-to-Value Ratios may also present a greater risk of loss. In particular, certain of the Mortgage Loans may have Loan-to-Value Ratios at origination or modification in excess of 80%. Certain of the Mortgage Loans may have a current Loan-to-Value Ratio higher than the Loan-to-Value Ratio at origination because the value of the related mortgaged property has declined at a faster rate than the amortization of the related Mortgage Loan. No assurance can be given that the value of the mortgaged properties may not decline in the future. Mortgage Loans with high Loan-to-Value Ratios may be more likely to experience mortgagor default and foreclosure than Mortgage Loans with lower Loan-to-Value Ratios. Although certain Mortgage Loans with current Loan-to-Value Ratios in excess of 80% are covered by either a primary mortgage guaranty insurance policy, FHA insurance or a VA guaranty, a high rate of foreclosure on Mortgage Loans with high Loan-to-Value Ratios is likely to result in significant losses on such Mortgage Loans. In addition, Mortgage Loans with high Loan-to-Value Ratios are more likely to be subject to a judicial reduction of the loan amount in bankruptcy or other proceedings than Mortgage Loans with lower Loan-to-Value

Ratios. If a court relieves a Mortgagor's obligation to repay amounts otherwise due on a Mortgage Loan, neither the Servicers nor the Master Servicer will be required to make an Advance (as defined herein) in respect of such amounts, and any loss in respect thereof may reduce the amounts available to be paid to the holders of the Certificates. For purposes hereof, the "Loan-to-Value Ratio" of a Mortgage Loan is its original principal balance divided by the lesser of the sales price of the related mortgaged property and the appraised value at the time of sale (or, in the case of a refinanced mortgage loan, the appraised value thereof). See "CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS" herein.

Geographic Concentration. Certain of the Mortgage Loans are secured by mortgaged properties located in the state of California. The economy of California may be adversely affected to a greater degree than the economies of other areas of the country by certain developments affecting industries concentrated in such state. In recent periods, certain regions of the United States have experienced significant downturns in the market value of real estate. See "—Economic Conditions" below. In addition, mortgaged properties located in California may be more susceptible to certain types of hazards, such as wildfires and mudslides, and certain types of special hazards not covered by insurance, such as earthquakes, than properties located in other parts of the country.

Natural disasters affecting regions of the United States from time to time may result in prepayments of Mortgage Loans or in realized losses. In particular, many areas of the state of Florida have recently been affected by wildfires, and Florida and other states on, or in proximity to, the Gulf of Mexico (including Georgia, Alabama, Louisiana, Texas and Mississippi) have recently experienced either severe hurricanes or flood conditions. Investors should consider the relative concentrations of mortgaged properties in such states. See "YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE CONSIDERATIONS."

For additional information regarding the geographic distribution of the mortgage properties see "DESCRIPTION OF THE MORTGAGE POOLS" herein.

Non-Owner Occupied Properties. Certain of the Mortgage Loans are secured by properties held by mortgagors for investment. Such Mortgage Loans may present a greater risk of loss if the related mortgagor experiences financial difficulties, because such mortgagor may be more likely to default on a Mortgage Loan secured by non-owner occupied property than a mortgage loan secured by a primary residence of the mortgagor.

Balloon Mortgage Loans. Certain of the Mortgage Loans ("Balloon Mortgage Loans") provide for payments of interest only or will not be fully amortizing over their terms to maturity and, thus, will require substantial principal payments (*i.e.*, a "Balloon Payment") at their stated maturity. Mortgage Loans with Balloon Payments involve a greater degree of risk because the ability of a mortgagor to make Balloon Payments typically will depend upon its ability either to timely refinance the mortgage loan or to timely sell the related mortgaged property. In addition, obligors in respect of the Balloon Mortgage Loans may have erratic payment histories, including multiple payment delinquencies, that may substantially impair their ability to refinance the Balloon Mortgage Loans.

Mortgage Loan Documentation Defects. Certain of the Mortgage Loan files being transferred to the Trustee (or its custodian) (the "Loan Files") are known by the Seller to have one or more of the following document defects: (i) the Loan File contains neither the original nor a copy of the Mortgage Note; (ii) the Mortgage Note is missing the proper intervening endorsements; (iii) the Loan File is missing intervening assignments; (iv) the Loan File is missing a copy of certain assumptions, modifications or

waivers; and (v) the Loan File is missing a copy of the title insurance policy. Failure to obtain all intervening assignments with respect to a Mortgage Loan could result in delays in foreclosure and liquidation in the event of default. Notwithstanding the foregoing, however, certain of the originators will represent and warrant to the Seller that each Loan File is complete in all material respects and will be obligated to repurchase any Mortgage Loan if any effort to enforce the related Mortgage Loan or the related mortgage, deed of trust or other security instrument (the "Mortgage") is materially impaired by such documentation defect. Such repurchase obligation of the originator will either be assigned by the Seller to the Depositor pursuant to a Mortgage Loan sale and assignment agreement (the "Mortgage Loan Sale and Assignment Agreement") and by the Depositor to the Trust pursuant to the Trust Agreement or assigned directly by the Depositor to the Trust pursuant to a separate assignment agreement.

Underwriting Criteria. Underwriting criteria are generally not available with respect to certain of the Mortgage Loans. In certain instances, the Mortgage Loans were acquired by the Seller from sources, including mortgage brokers and other non-originators, that could not provide detailed information regarding the underwriting guidelines of the originators. It is likely that the underwriting standards employed in connection with the origination of the Mortgage Loans are diverse, and in some cases did not conform to the guidelines of either Fannie Mae or the Federal Home Loan Mortgage Corporation ("FHLMC"). Accordingly, the Seller cannot provide an informed summary of any underwriting guidelines of the various originators.

Economic Conditions. In addition to the foregoing, from time to time certain geographic regions of the United States will experience weaker regional economic conditions and housing markets and, consequently, may experience higher rates of loss and delinquency than will be experienced on mortgage loans generally. For example, a region's economic condition and housing market may be directly, or indirectly, adversely affected by natural disasters or civil disturbances such as earthquakes, hurricanes, floods, eruptions or riots. The economic impact of any of these types of events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The Mortgage Loans may be concentrated in these regions, and such concentration may present risks in addition to those generally present for similar mortgage-backed securities without such concentration.

Limited Documentation

Certain Mortgage Loans may have been underwritten under a "limited documentation" program. With respect to such Mortgage Loans, only minimal investigation into the borrowers' credit history and income profile is undertaken by the originator and such Mortgage Loans may be underwritten primarily on the basis of an appraisal of the Mortgaged Property and the Loan-to-Value Ratio at origination. Thus, if the Loan-to-Value Ratio is relatively low, the originator may forego certain aspects of the review relating to monthly income, and traditional ratios of monthly or total expenses to gross income may not be considered.

Status of the Mortgage Loans in the Event of Insolvency

The transfer of those Mortgage Loans acquired by the Depositor from the Seller and certain securitization trust funds pursuant to the Mortgage Loan Sale and Assignment Agreement is intended to be an absolute and unconditional sale of the Mortgage Loans to the Depositor. However, in the event of insolvency of the Seller, a trustee in bankruptcy or a creditor of the insolvent party could attempt to recharacterize the sale of such Mortgage Loans by such insolvent party as a borrowing secured by a

pledge of the Mortgage Loans. Such an attempt, even if unsuccessful, could result in delays in payments on the Certificates. If such an attempt were successful, it is possible that the Mortgage Loans could be sold in order to liquidate the assets of the insolvent entity, resulting in early prepayment of the Certificates. There can be no assurance that the proceeds of such liquidation would be sufficient to repay the Certificates in full.

Potential Disruption of Computer Systems

The transition from the year 1999 to the year 2000 may interfere with the ability of the computer systems used by the Master Servicer, the Servicers, the Trustee and other parties to process information, unless modifications to those systems are completed in time. This could disrupt collection of payments on the Mortgage Loans and the calculation and distribution of payments on the Certificates.

DESCRIPTION OF THE CERTIFICATES

General

The Series 1998-11 Mortgage Pass-Through Certificates (the "Certificates") will consist of the Class 1-A1, Class 1-A2, Class 1-AP, Class 1-AX, Class 1-B1, Class 1-B2, Class 1-B3, Class 1-B4, Class 1-B5, Class 1-B6, Class R, Class 2-A1, Class 2-A2 and Class 2-AXA, Class 2-AXB, Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4, Class 2-B5 and Class 2-B6 (the "Certificates"). The Class 1-A1, Class 1-A2, Class 1-AP and Class 1-AX are referred to herein as the "Group 1 Senior Certificates"; the Class 1-B1, Class 1-B2, Class 1-B3, Class 1-B4, Class 1-B5 and Class 1-B6 Certificates are referred to herein as the "Group 1 Subordinate Certificates". The Class 2-A1, Class 2-A2, Class 2-AXA and Class 2-AXB Certificates are referred to herein as the "Group 2 Senior Certificates" and, together with the Group 1 Senior Certificates, the "Senior Certificates"; the Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4, Class 2-B5 and Class 2-B6 Certificates are referred to herein as the "Group 2 Subordinate Certificates" and, together with the Group 1 Subordinate Certificates, the "Subordinate Certificates". The Class R Certificate is referred to as the "Residual Certificate". Only the Senior Certificates (collectively referred to herein as the "Offered Certificates") are offered hereby.

The Certificates will have the respective approximate initial aggregate Certificate Principal Amount (as defined herein) (a "Class Principal Amount") or aggregate notional amount ("Aggregate Notional Amount") set forth or described on the cover page hereof. The aggregate Certificate Principal Amount of the Certificates, and the initial Class Principal Amount or Aggregate Notional Amount of each Class of Offered Certificates, may be increased or decreased by up to five percent to the extent that the aggregate Scheduled Principal Balance on the Cut-off Date (the "Cut-off Date Balance") of the Mortgage Loans in the related Mortgage Pool is increased or decreased as described under "Description of the Mortgage Pools" herein.

Distributions of interest and principal (to the extent applicable) on the Class 1-A1, Class 1-A2, Class 1-AP, Class 1-AX, Class 1-B1, Class 1-B2, Class 1-B3, Class 1-B4, Class 1-B5 and Class 1-B6 Certificates (the "Group 1 Certificates") will be based on interest and principal received or advanced with respect to the Pool 1 Mortgage Loans and distributions of interest and principal (to the extent applicable) on the Class 2-A1, Class 2-A2, Class 2-AXA, Class 2-AXB, Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4, Class 2-B5 and Class 2-B6 Certificates (the "Group 2 Certificates") will be based on interest and principal received or advanced with respect to the Pool 2 Mortgage Loans, as described herein. In addition, solely for the purpose of determining distributions of interest and principal on the Group 2

Certificates, the Pool 2 Mortgage Loans will be divided into two subgroups (the "Subgroup 2-A Mortgage Loans" and the "Subgroup 2-B Mortgage Loans" and each a "Subgroup"). See "Distribution on the Group 2 Certificates" herein.

The Trust Fund

The Certificates will evidence the entire beneficial ownership interest in a trust fund (the "Trust Fund") created pursuant to a trust agreement (the "Trust Agreement") dated as of November 1, 1998 by and among the Depositor, the Master Servicer and The First National Bank of Chicago, as Trustee (the "Trustee"). The assets of the Trust Fund will primarily consist of (1) the Pool 1 Mortgage Loans, (2) the Pool 2 Mortgage Loans, (3) such assets as from time to time are identified as deposited in respect of the Pool 1 Mortgage Loans and the Pool 2 Mortgage Loans in the Certificate Account (as defined below), (4) property acquired by foreclosure of such Pool 1 or Pool 2 Mortgage Loans or deed in lieu of foreclosure and (5) any applicable insurance policies and all proceeds thereof.

The Trustee is a national banking association with its Corporate Trust Office located at One First National Plaza, Suite 0126, Chicago, Illinois 60670-0126, for the purposes of presentment and surrender of the Certificates for final distribution thereon and for all other purposes under the Trust Agreement.

Payment Denominations; Book-Entry Certificates

The Offered Certificates will be issued, maintained and transferred on the book-entry records of The Depository Trust Company ("DTC") and its Participants (such Certificates, the "Book-Entry Certificates"). The Offered Certificates will be issued in minimum denominations of \$250,000 and integral multiples of \$1 in excess thereof in the case of the Class 1-A1, Class 1-A2, Class 2-A1 and Class 2-A2 Certificates. The Class 1-AX, Class 2-AXA and Class 2-AXB Certificates will be issued and maintained in fully registered form in minimum percentage interests of 3.40%, 50.00% and 11.00%, respectively. The Class R Certificates and the Class 1-AP Certificates will each be issued as a single certificate and maintained in fully registered form.

The Book-Entry Certificates initially will be represented by one or more Certificates in registered, global form without interest coupons (collectively, the "Global Certificates"). The Global Certificates will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company ("DTC"), and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. The Depositor has been informed by DTC that DTC's nominee will be Cede & Co. ("Cede"). No Beneficial Owner (as defined herein) of a Book-Entry Certificate will be entitled to receive a definitive Certificate, except as described below. Unless and until definitive Certificates are issued for the Book-Entry Certificates under the limited circumstances described herein, all references to actions by Certificateholders with respect to the Book-Entry Certificates shall refer to actions taken by DTC upon instructions from its Participants, and all references herein to payments, notices, reports and statements to Noteholders with respect to the Book-Entry Certificates shall refer to distributions, notices, reports and statements to DTC or Cede, as the registered holder of the Offered Certificates, for distribution to Beneficial Owners by DTC in accordance with DTC procedures.

DTC is a limited-purpose trust company organized under the laws of the State of New York, which holds securities for its participating organizations ("DTC Participants" or "Participants") and facilitates the clearance and settlement of securities transactions between Participants through electronic

book-entry changes in the accounts of Participants. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Other institutions that are not Participants but clear through or maintain a custodial relationship with Participants (such institutions, "Indirect Participants") have indirect access to DTC's clearance system.

No person acquiring an interest in any Book-Entry Certificate (each such person, a "Beneficial Owner") will be entitled to receive a Certificate representing such interest in physical, certificated form, unless (i) DTC ceases to act as depository in respect thereof and a successor depository is not obtained, (ii) the Depositor elects in its sole discretion to discontinue the registration of such Certificates through DTC or (iii) after the occurrence of an Event at Default, Beneficial Owners of Book-Entry Certificates representing beneficial interests aggregating at least a majority of the outstanding amount of the Certificates advise DTC in writing that the continuation of a book-entry system through DTC is no longer in the best interests of such Beneficial Owner. Upon the occurrence of such an event, the Trustee will be required to notify, through DTC participants that have ownership of Book-Entry Certificates as indicated on the records of DTC, of the availability of definitive Certificates for their Book-Entry Certificates. Upon surrender by DTC of the definitive Certificates representing the Book-Entry Certificates and upon receipt of instructions from DTC for re-registration, the Trustee will reissue the Book-Entry Certificates as definitive Certificates issued in the respective principal amounts owned by individual Beneficial Owners, and thereafter the Trustee will recognize the holders of such definitive Certificates as Certificateholders under the Trust Agreement.

Prior to any such event, Beneficial Owners will not be recognized by the Trustee as holders of the related Certificates for purposes of the Trust Agreement, and Beneficial Owners will be able to exercise their rights as owners of such Certificates only indirectly through DTC, Participants and Indirect Participants. Any Beneficial Owner that desires to purchase, sell or otherwise transfer any interest in the Book-Entry Certificates may do so only through DTC, either directly if such Beneficial Owner is a Participant or indirectly through Participants and, if applicable, Indirect Participants. Pursuant to the procedures of DTC, transfers of the beneficial ownership of any Book-Entry Certificates will be required to be made in the minimum denominations specified herein. The ability of a Beneficial Owner to pledge Book-Entry Certificates to persons or entities that are not Participants in the DTC system, or to otherwise act with respect to such Certificates, may be limited because of the lack of physical Certificates evidencing such Certificates and because DTC may act only on behalf of Participants. Transfers between Participants will occur in accordance with DTC rules.

Payments in respect of the Book-Entry Certificates will be forwarded by the Trustee to DTC, and DTC will be responsible for forwarding such payments to Participants, each of which will be responsible for disbursing such payments to the Beneficial Owners it represents or, if applicable, to Indirect Participants. Accordingly, Beneficial Owners may experience delays in the receipt of payments in respect of their Certificates. Under DTC's procedures, DTC will take actions permitted to be taken by holders of Book-Entry Certificates under the Trust Agreement only at the direction of one or more Participants to whose account the Book-Entry Certificates are credited and whose aggregate holdings represent no less than any minimum amount of voting rights required therefor. None of the Master Servicer, any Servicer, the Depositor, the Trustee, Lehman Brothers or any of their respective affiliates will have any liability for any actions taken by DTC or its nominee, including, without limitation, any aspect of the records relating to or payments made on account of beneficial ownership interests in the Book-Entry Certificates, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Unless and until definitive Certificates are issued for the Book-Entry Certificates, it is anticipated that the only

registered Certificateholder of the Book-Entry Certificates will be Cede, as nominee of DTC. Beneficial Owners will not be recognized by the Trustee or the Master Servicer as Noteholders, as such term is used in the Trust Agreement, and Beneficial Owners will be permitted to receive information furnished to Certificateholders and to exercise the rights of Certificateholders only indirectly through DTC, its Participants and Indirect Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers of Book-Entry Certificates among Participants and to receive and transmit payments of principal of, and interest on, such Book-Entry Certificates. Participants and Indirect Participants with which Beneficial Owners have accounts with respect to such Book-Entry Certificates similarly are required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners will not possess physical Certificates evidencing their interests in the Book-Entry Certificates, the Rules provide a mechanism by which Beneficial Owners, through their Participants and Indirect Participants, will receive payments and will be able to transfer their interests in the Book-Entry Certificates. Transfers between Participants will occur in accordance with the Rules.

Distributions on the Group 1 Certificates

Distributions of Interest. The amount of interest distributable (or added to principal, in the case of the Class 1-A2 Certificates) on each Distribution Date in respect of each Class of Group 1 Certificates other than the Class 1-AP Certificates will equal the Accrued Certificate Interest for such Class on such Distribution Date, as reduced by any Net Prepayment Interest Shortfalls allocable to such Class for such date, as described below. "Accrued Certificate Interest" for each Class of Group 1 Certificates other than the Class 1-AP and Class R Certificates on any Distribution Date will equal the amount of interest accrued during the related Accrual Period (as defined below) on the Class Principal Amount or Aggregate Notional Amount thereof immediately prior to such Distribution Date at the applicable Interest Rate, as reduced by such Class's share of (1) the interest portion of any Excess Losses (as defined herein) on the Pool 1 Mortgage Loans for such Distribution Date, allocable as described below, and (2) with respect to any Pool 1 Mortgage Loan as to which there has been a reduction in the amount of interest collectible as a result of application of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended (the "Relief Act," and any such reduction, a "Relief Act Reduction"), the amount of any such reduction, allocated as described below. Interest will accrue on the Group 1 Certificates on the basis of a 360-day year consisting of twelve 30-day months. Accrued Certificate Interest not distributed on the Distribution Date related to the Accrual Period in which it accrued, other than any Net Prepayment Interest Shortfalls, will be an "Interest Shortfall." Interest will not accrue on Interest Shortfalls.

On each Distribution Date, Accrued Certificate Interest on the Class 1-A2 Certificates, as reduced by any Net Prepayment Interest Shortfalls allocated to such Class, plus any amount allocable to such Class in respect of Interest Shortfalls, will not be distributable thereon but will instead be added to the Class Principal Amount thereof, and an equal amount (the "Accrual Amount") will be distributable, as principal, as described under "—Allocation of Accrual Amount" herein.

The interest portion of any Excess Losses on the Pool 1 Mortgage Loans and any Relief Act Reductions will be allocated among the Group 1 Certificates other than the Class 1-AP Certificates *pro rata* on each Distribution Date.

- The "Interest Rate" for each Class of Group 1 Certificates is the applicable per annum rate set forth on the cover page hereof.
- The "Certificate Principal Amount" of any Group 1 Certificate other than a Class 1-AX Certificate as of any Distribution Date will equal such Certificate Principal Amount as of the Closing Date as reduced by all amounts previously distributed on such Certificate in respect of principal and the principal portion of any Realized Losses previously allocated to such Certificate, plus, in the case of a Class 1-A2 Certificate, such Certificate's share of the Accrual Amount for each previous Distribution Date.
- The "Class Principal Amount" of any Group 1 Certificate other than a Class 1-AX Certificate means the aggregate Certificate Principal Amount of all Certificates of such Class.
- The "Accrual Period" for each Class of Group 1 Certificates will be the calendar month immediately preceding the month in which the related Distribution Date occurs.
- The Aggregate "Notional Amount" of the Class 1-AX Certificates for each Distribution Date is the product of (x) the fraction, the numerator of which is the excess of the weighted average (by Scheduled Principal Balance) of the Net Mortgage Rates of the Pool 1 Premium Mortgage Loans (as defined below) over 6.6150% and the denominator of which is 6.50%, and (y) the aggregate Scheduled Principal Balance of the Pool 1 Premium Mortgage Loans as of the first day of the related Accrual Period.
- A "Pool 1 Premium Mortgage Loan" is any Pool 1 Mortgage Loan with a Net Mortgage Rate in excess of 6.6150%.
- The "Net Mortgage Rate" of any Pool 1 Mortgage Loan is the interest rate thereof less (a) the applicable Pool 1 Servicing Fee Rate (as defined herein) and the (b) Master Servicing Fee Rate (as defined herein).

When a principal prepayment in full is made on a Pool 1 Mortgage Loan, the borrower is charged interest only to the date of such prepayment, instead of for a full month, with a resulting reduction in interest payable for the month during which the prepayment is made. Prepayments in part are applied as of the date of receipt. Full or partial prepayments (or proceeds of other liquidations) received in the applicable Prepayment Period (as defined herein) will be distributed to Group 1 Certificateholders on the Distribution Date following the applicable Prepayment Period. To the extent that, as a result of a full or partial prepayment, a borrower is not required to pay a full month's interest on the amount prepaid, a shortfall in the amount available to make distributions of one month's interest on the related Group 1 Certificates could result. The difference between one month's interest at the interest rate borne by the Mortgage Loan, as reduced by the Group 1 Servicing Fee Rate, on a Mortgage Loan as to which a voluntary prepayment has been made and the amount of interest actually received in connection with such prepayment is a "Prepayment Interest Shortfall." With respect to prepayments in full or in part, the Servicer is obligated to reduce the aggregate of its Servicing Fees (as defined herein) for each month for the related Distribution Date to fund any resulting Prepayment Interest Shortfalls. See "Servicing of the Mortgage Loans — Prepayment Interest Shortfalls" herein. Any Prepayment Interest Shortfalls obligated to be funded but not actually funded by the Servicer will be forwarded by the Master Servicer, to the extent such Shortfalls, if not so funded by either the Servicer or Master Servicer, do not exceed its Aggregate Master Servicing Compensation for such Distribution Date ("Net Prepayment Interest

Shortfalls"), will be allocated *pro rata* among the Group 1 Certificates other than the Class 1-AP Certificates.

Distributions of Principal. Distributions of principal on the Group 1 Certificates will be made on each Distribution Date in an aggregate amount equal to the Group 1 Principal Distribution Amount for such date plus the Accrual Amount for such date, to the extent of the Group 1 Available Distribution Amount for such date, in accordance with the priorities set forth under "— Priority of Distributions" below. The "Group 1 Principal Distribution Amount" for any Distribution Date will equal the sum of the Group 1 Senior Principal Distribution Amount, the 1-AP Principal Distribution Amount and the Group 1 Subordinate Principal Distribution Amount (each as defined below) for such date.

- The "Group 1 Senior Principal Distribution Amount" for each Distribution Date is equal to the sum of:
 - (1) the product of (a) the Group 1 Senior Percentage and (b) the principal portion (multiplied by the applicable Group 1 Non-AP Percentage) of each Scheduled Payment (as defined herein) (without giving effect to any Debt Service Reduction occurring prior to the Bankruptcy Coverage Termination Date (each as defined herein)) on each Pool 1 Mortgage Loan due during the related Due Period;
 - (2) the product of (a) the Group 1 Senior Prepayment Percentage and (b) each of the following amounts, multiplied by the applicable Group 1 Non-AP Percentage: (x) the principal portion of each full and partial principal prepayment made by a borrower on a Pool 1 Mortgage Loan during the related Prepayment Period, (y) each other unscheduled collection, including Insurance Proceeds and net Liquidation Proceeds (other than with respect to any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period) representing or allocable to recoveries of principal of such Pool 1 Mortgage Loans received during the related Prepayment Period and (z) the principal portion of all proceeds of the purchase (or, in the case of a permitted substitution, amounts representing a principal adjustment) of any Pool 1 Mortgage Loan actually received by the Trustee with respect to the related Prepayment Period;
 - (3) with respect to unscheduled recoveries allocable to principal of any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period, the lesser of (a) the related net Liquidation Proceeds allocable to principal multiplied by the applicable Group 1 Non-AP Percentage and (b) the product of the Group 1 Senior Prepayment Percentage for such date and the remaining Scheduled Principal Balance, multiplied by the applicable Group 1 Non-AP Percentage of such Pool 1 Mortgage Loan at the time of liquidation; and
 - (4) any amounts described in clauses (1) through (3) for any previous Distribution Date that remain unpaid.
- The "Group 1 Non-AP Percentage" with respect to any Pool 1 Mortgage Loan with a Net Mortgage Rate less than 6.6150% (each such Mortgage Loan, a "Pool 1 Discount Mortgage Loan") is the percentage equivalent of the fraction, the numerator of which is the applicable Net Mortgage Rate and the denominator of which is 6.6150%. The Group 1 Non-AP Percentage with respect to any Pool 1 Mortgage Loan with a Net Mortgage Rate equal to or greater than 6.6150% will be 100%.

- The "Group 1 AP Percentage" with respect to any Pool 1 Discount Mortgage Loan is the percentage equivalent of the fraction, the numerator of which is 6.6150% minus the applicable Net Mortgage Rate, and the denominator of which is 6.6150%. The Group 1 AP Percentage with respect to any Pool 1 Mortgage Loan with a Net Mortgage Rate equal to or greater than 6.6150% will be zero.
- The "Scheduled Principal Balance" or "Pool 1 Scheduled Principal Balance" of any Pool 1 Mortgage Loan as of any date of determination is generally equal to the outstanding principal balance thereof as of November 1, 1998 (the "Cut-off Date"), after giving effect to Scheduled Payments due on or before such date, reduced by (i) the principal portion of all Scheduled Payments due on or before the due date in the Due Period immediately preceding such date of determination, whether or not received, and (ii) all amounts allocable to unscheduled principal payments received on or before the last day of the Prepayment Period immediately preceding such date of determination.
- The "Scheduled Payment" of any Pool 1 Mortgage Loan is the scheduled monthly payment of principal and interest due on the Mortgage Loan as specified in the related Mortgage Note.
- The "Group 1 Senior Percentage" for any Distribution Date is the percentage equivalent of the fraction, the numerator of which is the Class Principal Amount of the Class 1-A1 and Class 1-A2 Certificates immediately prior to such date and the denominator of which is the Group 1 Non-AP Pool Balance for such date.
- The "Group 1 Non-AP Pool Balance" for each Distribution Date is the sum of, as to each Pool 1 Mortgage Loan, the product of the applicable Group 1 Non-AP Percentage and the Scheduled Principal Balance of each Pool 1 Mortgage Loan for such Distribution Date.
- The "Group 1 Senior Prepayment Percentage" for any Distribution Date occurring during the five years beginning on the first Distribution Date will equal 100%. Thereafter, the Group 1 Senior Prepayment Percentage will, except as described below, be subject to gradual reduction as described in the following paragraph. This disproportionate allocation of certain unscheduled payments in respect of principal will have the effect of accelerating the amortization of the Class 1-A1 and Class 1-A2 Certificates, while, in the absence of Realized Losses, increasing the relative percentage interest in the Pool 1 Mortgage Loans evidenced by the Group 1 Subordinate Certificates. Increasing the proportionate interest of the Group 1 Subordinate Certificates relative to that of the Group 1 Senior Certificates is intended to preserve the limited protection provided to the Group 1 Senior Certificates by the subordination of the Group 1 Subordinate Certificates.
- The Group 1 Senior Prepayment Percentage for any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date will be as follows: for any Distribution Date in the first year thereafter, the Group 1 Senior Percentage plus 70% of the Group 1 Subordinate Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the Group 1 Senior Percentage plus 60% of the Group 1 Subordinate Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the Group 1 Senior Percentage plus 40% of the Group 1 Subordinate Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the Group 1 Senior Percentage plus 20% of the Group 1 Subordinate Percentage for such Distribution Date; and for any subsequent Distribution

Date, the Group 1 Senior Percentage for such Distribution Date (unless on any of the foregoing Distribution Dates the Group 1 Senior Percentage exceeds the initial Group 1 Senior Percentage, in which case the Group 1 Senior Prepayment Percentage for such Distribution Date will once again equal 100%). Notwithstanding the foregoing, no decrease in the Group 1 Senior Prepayment Percentage below the level in effect for the most recent prior period specified above will be effective if, as of such Distribution Date as to which any such decrease applies, (1) the average outstanding principal balance on such Distribution Date and for the preceding five Distribution Dates of all Pool 1 Mortgage Loans that were delinquent 60 days or more (including for this purpose any Pool 1 Mortgage Loans in foreclosure and Pool 1 Mortgage Loans with respect to which the related Mortgaged Property has been acquired by the Trust Fund) is greater than or equal to 50% of the Group 1 Subordinate Amount (as defined herein) immediately prior to such Distribution Date or (2) cumulative Realized Losses with respect to the Pool 1 Mortgage Loans exceed (a) with respect to the Distribution Date on the fifth anniversary of the first Distribution Date, 30% of the Group 1 Subordinate Amount as of the Cut-off Date (the "Group 1 Original Subordinate Amount"), (b) with respect to the Distribution Date on the sixth anniversary of the first Distribution Date, 35% of the Group 1 Original Subordinate Amount, (c) with respect to the Distribution Date on the seventh anniversary of the first Distribution Date, 40% of the Group 1 Original Subordinate Amount, (d) with respect to the Distribution Date on the eighth anniversary of the first Distribution Date, 45% of the Group 1 Original Subordinate Amount and (e) with respect to the Distribution Date on the ninth anniversary of the first Distribution Date, 50% of the Group 1 Original Subordinate Amount.

- The "1 AP Principal Distribution Amount" for each Distribution Date is equal to the sum of:
 - (5) the applicable Group 1 AP Percentage of the principal portion of each Scheduled Payment (without giving effect to any Debt Service Reduction occurring prior to the Bankruptcy Coverage Termination Date) on each Pool 1 Mortgage Loan due during the related Due Period;
 - (6) the applicable Group 1 AP Percentage of each of the following amounts: (1) the principal portion of each full and partial principal prepayment made by a borrower on a Pool 1 Mortgage Loan during the related Prepayment Period, (2) each other unscheduled collection, including Insurance Proceeds and net Liquidation Proceeds (other than with respect to any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period) representing or allocable to recoveries of principal of such Pool 1 Mortgage Loan received during the related Prepayment Period and (3) the principal portion of all proceeds of the purchase (or, in the case of a permitted substitution, amounts representing a principal adjustment) of any Pool 1 Mortgage Loan actually received by the Trustee with respect to the related Prepayment Period;
 - (7) with respect to unscheduled recoveries allocable to principal of any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period, the applicable Group 1 AP Percentage of the related net Liquidation Proceeds allocable to principal; and
 - (8) any amounts described in clauses (1) through (3) for any previous Distribution Date that remain unpaid.
- The "Group 1 Subordinate Principal Distribution Amount" for each Distribution Date is equal to the sum of:

(9) the product of (a) the Group 1 Subordinate Percentage and (b) the principal portion (multiplied by the applicable Group 1 Non-AP Percentage) of each Scheduled Payment (without giving effect to any Debt Service Reduction occurring prior to the Bankruptcy Coverage Termination Date) on each Pool 1 Mortgage Loan due during the related Due Period;

(10) the product of (a) the Group 1 Subordinate Prepayment Percentage and (b) each of the following amounts, multiplied by the applicable Group 1 Non-AP Percentage: (x) the principal portion of each full and partial principal prepayment made by a borrower on a Pool 1 Mortgage Loan during the related Prepayment Period, (y) each other unscheduled collection, including Insurance Proceeds and net Liquidation Proceeds (other than with respect to any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period), representing or allocable to recoveries of principal of such Pool 1 Mortgage Loans received during the related Prepayment Period and (z) the principal portion of all proceeds of the purchase (or, in the case of a permitted substitution, amounts representing a principal adjustment) of any Pool 1 Mortgage Loan actually received by the Trustee with respect to the related Prepayment Period;

(11) with respect to unscheduled recoveries allocable to principal of any Pool 1 Mortgage Loan that was finally liquidated during the related Prepayment Period, the related net Liquidation Proceeds allocable to principal, multiplied by the applicable Group 1 Non-AP Percentage, to the extent not distributed pursuant to subsection (3) of the definition of Group 1 Senior Principal Distribution Amount; and

(12) any amounts described in clauses (1) through (3) for any previous Distribution Date that remain unpaid.

- The "Group 1 Subordinate Amount" for any Distribution Date is the excess of the Group 1 Non-AP Pool Balance over the Class Principal Amounts of the Class 1-A1 and the Class 1-A2 Certificates.
- The "Group 1 Subordinate Class Percentage" for each Class of Group 1 Subordinate Certificates for each Distribution Date is the percentage obtained by dividing the Class Principal Amount of such Class immediately prior to such Distribution Date by the aggregate Certificate Principal Amount of all Group 1 Subordinate Certificates immediately prior to such date.
- The "Group 1 Subordinate Prepayment Percentage" for any Distribution Date is the excess of 100% over the Group 1 Senior Prepayment Percentage for such date.
- The "Group 1 Subordinate Percentage" for any Distribution Date is the excess of 100% over the Group 1 Senior Percentage for such date.

Available Distribution Amount. The due period (the "Due Period") related to each Distribution Date commences on the second day of the month 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 "Prepayment Period" related to each Distribution Date is the applicable period specified in the applicable Servicing Agreement during which amounts required to be remitted by the related Servicer in respect of Pool 1 Mortgage Loan prepayments on the applicable servicing remittance date are received by the Servicer, which generally is the calendar month immediately preceding the month in which such Distribution Date

occurs. The "Deposit Date" is the 18th day (or if such 18th day is not a Business Day, the next succeeding Business Day) of the month in which the related Distribution Date occurs.

- The "Group 1 Available Distribution Amount" on each Distribution Date, as more fully described in the Trust Agreement, will generally equal the sum of the following amounts:

(1) the total amount of all cash received in respect of the Pool 1 Mortgage Loans by the Master Servicer during the related Due Period and remitted to the Trustee on the Business Day prior to the Distribution Date, which includes (i) Scheduled Payments due on the Pool 1 Mortgage Loans during the Due Period and collected prior to the related Deposit Date or advanced by the Master Servicer or any Servicer (or the Trustee), (ii) payments allocable to principal on the Pool 1 Mortgage Loans (other than Liquidation Proceeds and Insurance Proceeds) to the extent received in advance of their scheduled due dates and applied to reduce the principal balance of such Pool 1 Mortgage Loans ("Principal Prepayments"), together with accrued interest thereon, if any, identified as having been received on the Pool 1 Mortgage Loans during the applicable Prepayment Period, plus any amounts paid by the Servicers in respect of Prepayment Interest Shortfalls, in each case for such Distribution Date, (iii) the proceeds of any purchase of a related Pool 1 Mortgage Loan required to be repurchased by the original transferor, Seller or any other party as a result of a breach of a representation or warranty or document defect, and (iv) recoveries through liquidation of any REO Property with respect to the Pool 1 Mortgage Loans, including Insurance Proceeds and Liquidation Proceeds, minus:

(w) Scheduled Payments of principal and interest on the Pool 1 Mortgage Loans collected but due on a date subsequent to the related Due Period;

(x) Principal Prepayments on the Pool 1 Mortgage Loans received or identified after the applicable Prepayment Period (together with any interest payments, if any, received with such prepayments to the extent that they represent the payment of interest accrued on the Pool 1 Mortgage Loans for the period subsequent to the Prepayment Period);

(y) Liquidation Proceeds and Insurance Proceeds received after the applicable Prepayment Period with respect to the related Pool 1 Mortgage Loans; and

(z) all fees and other amounts due or reimbursable to the Master Servicer or any Servicers in respect of the Pool 1 Mortgage Loans pursuant to the Trust Agreement or the applicable Servicing Agreement.

(1) any other payments made by the Servicers, the Seller, the Depositor or any other person with respect to Pool 1 Mortgage Loans (including the purchase price with respect to any Pool 1 Mortgage Loan repurchased by the Seller, the Depositor or any other person) on such Distribution Date.

- "Insurance Proceeds" means all proceeds (net of unreimbursed payments of property taxes, insurance premiums and similar items incurred, and unreimbursed Advances or servicing advances made by the Servicer (or the Master Servicer), if any) of applicable insurance policies, to the extent such proceeds are not applied to the restoration of the Mortgaged Property or released to the borrower.

- "Liquidation Proceeds" means all amounts (net of unreimbursed expenses incurred in connection with liquidation or foreclosure, unreimbursed Advances or servicing advances, if any) received and retained in connection with the liquidation of defaulted Pool 1 Mortgage Loans, by foreclosure or otherwise, together with any net proceeds received on a monthly basis with respect to any properties acquired on behalf of the Group 1 Certificateholders by foreclosure or deed in lieu of foreclosure.
- "REO Property" means real property which secured a defaulted Mortgage Loan that has been acquired upon foreclosure, deed in lieu of foreclosure or repossession.
- "Business Day" means generally any day other than (i) a Saturday or Sunday or a day on which banks in Chicago, Illinois or, if other than Chicago, Illinois, the city in which the corporate Trust Office of the Trustee is located, or the State of Maryland, or (ii) with respect to any Remittance Date or any Servicer reporting date, the states specified in the definition of "Business Day" in the applicable servicing agreement, are authorized or obligated by law or executive order to be closed.

Priority of Distributions. On each Distribution Date, the Group 1 Available Distribution Amount (as defined herein) will be distributed in the following order of priority:

- (1) to each Class of Group 1 Senior Certificates other than the Class 1-AP Certificates, Accrued Certificate Interest (as defined herein) for such Class and such Distribution Date (reduced in each case by any Net Prepayment Interest Shortfalls allocated to such Class of Certificates on such date, as described herein); provided, however, that any shortfall in available amounts shall be allocated among the Classes of Group 1 Senior Certificates in proportion to the amount of such interest (as so reduced) that would otherwise be distributable thereon; provided, further, that such amount otherwise distributable to the Class 1-A2 Certificates will instead be added to the Class Principal Amount thereof and will be allocated as provided under "—Allocation of Accrual Amount" below;
- (2) to each Class of Group 1 Senior Certificates other than the Class 1-AP Certificates, any outstanding Interest Shortfalls for such Class and such Distribution Date; provided, however, that any shortfall in available amounts shall be allocated among the Classes of Group 1 Senior Certificates in proportion to the amount of such interest that would otherwise be distributable thereon; provided, further, that any Interest Shortfalls for the Class 1-A2 Certificates shall be applied as provided under "—Allocation of Accrual Amount" below;
- (3) to the Group 1 Senior Certificates other than the Class 1-AX Certificates, to the extent of the remaining Group 1 Available Distribution Amount, in reduction of their respective Class Principal Amounts, concurrently, as follows:
 - (i) sequentially, to the Class 1-A1 and Class 1-A2 Certificates, in that order, the Group 1 Senior Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of each such Class has been reduced to zero; and

- (ii) to the Class 1-AP Certificates, the 1-AP Principal Distribution Amount for such Distribution Date, until the Class Principal Amount thereof has been reduced to zero;
- (1) to the Class 1-AP Certificates, to the extent of the remaining Group 1 Available Distribution Amount, the Class 1-AP Deferred Amount for such Distribution Date, until the Class Principal Amount thereof has been reduced to zero; provided, however, that (x) distributions pursuant to this clause shall not exceed the Group 1 Subordinate Principal Distribution Amount for such date and (y) such amounts will not reduce the Class Principal Amount of such Class;
- (2) to the Class 1-B1, Class 1-B2, Class 1-B3, Class 1-B4, Class 1-B5 and Class 1-B6 Certificates, in that order, to the extent of the remaining Group 1 Available Distribution Amount, the following amounts, in the following order of priority: (x) Accrued Certificate Interest thereon (as reduced by any Net Prepayment Interest Shortfalls allocated to such Class on such Distribution Date), (y) any outstanding Interest Shortfalls previously allocated to such Class, and (z) such Class's Group 1 Subordinate Class Percentage (as defined herein) of the Group 1 Subordinate Principal Distribution Amount for such Distribution Date, except as provided below, in reduction of the Class Principal Amount thereof.

With respect to each Class of Pool 1 Subordinate Certificates other than the Class 1-B6 Certificates, if on any Distribution Date the Credit Support Percentage (as defined below) for such Class is less than the Original Credit Support Percentage (as defined herein) for such Class, then no distributions in respect of clauses (2) and (3) of the definition of Pool 1 Subordinate Principal Distribution Amount will be made to any related Class of lower priority (the "Restricted Classes"), and the amount otherwise distributable to the Restricted Classes in respect of such payments will be allocated among the remaining Classes of Pool 1 Subordinate Certificates, *pro rata*, based upon their respective Class Principal Amounts. The "Credit Support Percentage" for a Class of Subordinate Certificates of a Certificate Group for any Distribution Date is equal to the sum of the Class Percentages (as defined herein) of each Class of lower priority (without giving effect to distributions on such date) of such Certificate Group. The "Original Credit Support Percentage" for a Class of Subordinate Certificates is the Credit Support Percentage for such Class of Subordinate Certificates on the Closing Date.

Allocation of Accrual Amounts. On each Distribution Date, before distribution of any amount pursuant to priority (2) under "—Priority of Distributions" above, an amount equal to the Accrual Amount for such date will be distributed in the following order of priority:

first, to the Class 1-A1 Certificates, in reduction of the Class Principal Amount thereof, until the Class Principal Amount thereof has been reduced to zero; and

second, to the Class 1-A2 Certificates, in reduction of the Class Principal Amount thereof, until the Class Principal Amount thereof has been reduced to zero.

Allocation of Realized Losses. If a Realized Loss occurs on the Pool 1 Mortgage Loans, then, on each Distribution Date, the applicable Group 1 Non-AP Percentage of the principal portion of such Realized Loss other than an Excess Loss will be allocated *first*, to reduce the Class Principal Amount of each Class of Group 1 Subordinate Certificates, in inverse order of priority, until the Class Principal

Amount thereof has been reduced to zero (that is, such Realized Losses will be allocated to the Class 1-B6 Certificates while such Certificates are outstanding, then to the Class 1-B5 Certificates, and so forth) *second, pro rata* to the Class 1-A2 and Class 1-A1 Certificates.

The Group 1 AP Percentage of the principal portion of any Realized Loss on a Pool 1 Discount Mortgage Loan will be allocated to and reduce the Class Principal Amount of the Class 1-AP Certificates until the Class Principal Amount thereof has been reduced to zero. With respect to any Distribution Date through the Distribution Date on which the aggregate Certificate Principal Amount of the Group 1 Subordinate Certificates has been reduced to zero (the "Group 1 Credit Support Depletion Date"), the aggregate of all amounts so allocable to the Class 1-AP Certificates on such date in respect of Realized Losses (other than Excess Losses) and all amounts previously allocated in respect of such losses to the Class 1-AP Certificates and not distributed on prior Distribution Dates will be the "Class 1-AP Deferred Amount." To the extent that funds are available therefor on any Distribution Date through the Group 1 Credit Support Depletion Date, distributions in respect of the Class 1-AP Deferred Amount will be made on the Class 1-AP Certificates in accordance with priority (4) under "— Priority of Distributions" herein. Any distribution in respect of the Class 1-AP Deferred Amount will not reduce the Class Principal Amount of the Class 1-AP Certificates. No interest will accrue on the Class 1-AP Deferred Amount. No distributions in respect of the Class 1-AP Deferred Amount will be made after the Distribution Date on which the Class Principal Amount of the Class 1-AP Certificates has been reduced to zero. On each Distribution Date through the Group 1 Credit Support Depletion Date, the Class Principal Amount of the lowest ranking Group 1 Subordinate Certificate will be reduced by the amount of any distributions in respect of the Class 1-AP Deferred Amount on such Distribution Date. Any such reduction will be allocated in the same manner as a Realized Loss, as described above. After the Group 1 Credit Support Depletion Date, no distributions will be made in respect of, and losses allocated to the Class 1-AP Certificates will not be added to, the Class 1-AP Deferred Amount.

The applicable Pool 1 Non-AP Percentage of the principal portion of any Excess Loss (other than a Debt Service Reduction) on a Pool 1 Mortgage Loan for any Distribution Date will be allocated *pro rata* among the Classes of Group 1 Certificates on the basis of their Class Principal Amounts.

The Class Principal Amount of the lowest ranking Class of Group 1 Subordinate Certificates then outstanding will also be reduced by the amount, if any, by which the aggregate Certificate Principal Amount of all the Group 1 Certificates on any Distribution Date (after giving effect to distributions of principal and allocation of Realized Losses on such date) exceeds the aggregate Scheduled Principal Balance of the Pool 1 Mortgage Loans for the related Distribution Date. For purposes of allocating Realized Losses, the Class Principal Amount of the Class 1-A2 Certificates will be deemed to equal the lesser of (i) their initial Class Principal Amount (reduced by any Realized Losses previously allocated thereto) and (ii) their outstanding Class Principal Amount.

In general, a "Realized Loss" means (1) with respect to a Liquidated Mortgage Loan, the amount by which the remaining unpaid principal balance of such Mortgage Loan plus all accrued and unpaid interest thereon and any related expenses exceeds the amount of Liquidation Proceeds applied to the principal balance of such Mortgage Loan, or (2) the amount by which, in the event of bankruptcy of a borrower, a bankruptcy court reduces the secured debt to the value of the related Mortgaged Property (a "Deficient Valuation"). "Bankruptcy Losses" are losses that are incurred as a result of Deficient Valuations and any reduction, in a bankruptcy proceeding, of the amount of the Scheduled Payment on a Mortgage Loan other than as a result of a Deficient Valuation (a "Debt Service Reduction"). The

principal portion of Debt Service Reductions will not be allocated in reduction of the Class Certificate Principal Balances of any Classes of Certificates. "Special Hazard Losses" are, in general terms, Realized Losses arising out of certain direct physical loss or damage to Mortgaged Properties that are not covered by a standard hazard insurance policy, but excluding, among other things, faulty design or workmanship and normal wear and tear. "Fraud Losses" are losses sustained on a Liquidated Mortgage Loan by reason of a default arising from fraud, dishonesty or misrepresentation. In determining whether a Realized Loss is a loss of principal or of interest, Liquidation Proceeds and other recoveries on a Mortgage Loan will be applied first to outstanding expenses incurred with respect to such Mortgage Loan, then to accrued, unpaid interest, and finally to principal.

A "Liquidated Mortgage Loan" generally is a defaulted Mortgage Loan as to which such Mortgage Loan or related REO Property has been disposed of and all amounts expected to be recovered in respect of such Mortgage Loan have been received by the Servicer on behalf of the Trust.

The principal portion of Special Hazard Losses, Bankruptcy Losses (other than Debt Service Reductions), and Fraud Losses on the Mortgage Loans that exceed the "Special Hazard Loss Limit," "Bankruptcy Loss Limit," and "Fraud Loss Limit," respectively ("Excess Losses"), will be allocated as described above. The "Special Hazard Loss Limit" will initially be approximately \$1,848,628, the "Bankruptcy Loss Limit" will initially be approximately \$50,000, and the "Fraud Loss Limit" will initially be approximately \$1,848,628.

Each Special Hazard Loss Limit will be reduced, from time to time, to an amount equal on any Distribution Date to the lesser of (a) the greatest of (1) 1% of the aggregate of the Scheduled Principal Balances of the related Pool 1 Mortgage Loans, (2) twice the Scheduled Principal Balance of the Group 1 Mortgage Loan having the highest Scheduled Principal Balance and (3) the aggregate Scheduled Principal Balance of the Pool 1 Mortgage Loans secured by Mortgaged Properties located in the single California postal zip code area having the highest aggregate Scheduled Principal Balance of any such zip code area and (b) the Special Hazard Loss Limit as of the Closing Date less the amount, if any, of Special Hazard Losses incurred since the Closing Date.

The Bankruptcy Loss Limit will be reduced, from time to time, by the amount of Bankruptcy Losses allocated to the Group 1 Certificates. The date on which a Bankruptcy Loss Limit has been reduced to zero is the "Bankruptcy Coverage Termination Date" for the Pool 1 Mortgage Loans.

The Fraud Loss Limit will be reduced, from time to time, by the amount of Fraud Losses allocated to the Group 1 Certificates. In addition, on each anniversary of the Cut-off Date, the Fraud Loss Limit will be reduced as follows: (a) on the first anniversary of the Cut-off Date, to an amount equal to the excess of 2% of the related Cut-off Date Balance over the cumulative amount of Fraud Losses allocated to the Group 1 Certificates, (b) on the second, third and fourth anniversaries of the related Cut-off Date, to an amount equal to the excess of 1% of the related Cut-off Date Balance over the cumulative amount of Fraud Losses allocated to the Group 1 Certificates and (c) on the fifth anniversary of the related Cut-off Date, to zero.

In the event that any amount is recovered in respect of principal of a Liquidated Mortgage Loan after any related Realized Loss has been allocated as described herein, such amount will be distributed to the Group 1 Certificates still outstanding, *pro rata* on the basis of any Realized Losses previously allocated thereto. It is generally not anticipated that any such amounts will be recovered.

The interest portion of Realized Losses (other than Excess Losses) occurring prior to the Group 1 Credit Support Depletion Date will not be allocated among the Group 1 Certificates, but will reduce the Group 1 Available Distribution Amount for the applicable Distribution Date. Such losses will be borne first by the Group 1 Subordinate Certificates in inverse order of priority, before being borne, *pro rata*, by the Group 1 Senior Certificates.

Final Scheduled Distribution Date. Scheduled distributions on the Pool 1 Mortgage Loans, assuming no defaults or losses that are not covered by the limited credit support described herein, will be sufficient to make timely distributions of interest on the Group 1 Certificates and to reduce the aggregate Certificate Principal Amount of such Certificates to zero not later than October, 2036 (the "Final Scheduled Distribution Date"). The actual final Distribution Date for the Group 1 Offered Certificates may be earlier, and could be substantially earlier, than their Final Scheduled Distribution Date.

The Final Scheduled Distribution Date for the Group 1 Certificates has been determined by adding three months to the month of scheduled maturity of the latest maturing Pool 1 Mortgage Loan.

Distributions on the Group 2 Certificates

Distributions of Interest. The amount of interest distributable on each Distribution Date in respect of each Class of Group 2 Certificates will equal the sum of Current Interest and any Carryforward Interest (each as defined herein) for such date, to the extent of the Interest Remittance Amount on such Distribution Date. Interest will accrue on the Group 2 Certificates on the basis of a 360-day year consisting of twelve 30-day months.

The "Interest Rate" for each Class of Group 2 Certificates will be the per annum rate described on the cover page hereof. See "—Determination of the Class 2-A1 and Class 2-A2 Interest Rates" below for a description of the determination of LIBOR. The "Net Mortgage Rate" for any Pool 2 Mortgage Loan at any time equals the interest rate thereof minus the Group 2 Servicing Fee Rate (as defined herein). The "Certificate Principal Amount" of any Group 2 Certificate (other than the Class 2-AXA and Class 2-AXB Certificates) will equal such Certificate Principal Amount as of the Closing Date as reduced by all amounts previously distributed on such Group 2 Certificate in respect of principal and any Applied Loss Amount previously allocated thereto. The "Class Notional Amount" of the Class 2-AXA Certificates on any Distribution Date will equal the Certificate Principal Amount of the Class 2-A1 Certificates on such date and the "Class Notional Amount" of the Class 2-AXB Certificates on any Distribution Date will equal the Certificate Principal Amount of the Class 2-A2 Certificates on such date.

With respect to each Distribution Date, the "Accrual Period" applicable to each Class of Group 2 Certificates other than the Class 2-A2 Certificates will be the calendar month immediately preceding the month of such Distribution Date. With respect to each Distribution Date, the "Accrual Period" applicable to the Class 2-A2 Certificates will be the one-month period commencing on the 25th day of the month preceding the month in which such Distribution occurs and ending on the 24th day of the month of such Distribution Date.

"Current Interest" with respect to each Class of Group 2 Certificates will equal, with respect to any Distribution Date, the aggregate amount of interest accrued at the applicable Interest Rate during the related Accrual Period on the Class Principal Amount (or Class Notional Amount) of such Class. "Carryforward Interest" with respect to each Class of Group 2 Certificates will equal, with respect to any Distribution Date, the sum of (i) the amount, if any, by which (x) the sum of (A) Current Interest for such

Class for the immediately preceding Distribution Date and (B) any unpaid Carryforward Interest from previous Distribution Dates exceeds (y) the amount distributed in respect of interest on such Class on such immediately preceding Distribution Date and, (ii) in the case of the Class 2-A1 and Class 2-A2 Certificates, interest on such amounts for the related Accrual Period at the applicable Interest Rate.

For purposes of distributions of interest, the Pool 2 Mortgage Loans are divided into two subgroups, "Subgroup 2-A" and "Subgroup 2-B." Subgroup 2-A consists of all Mortgage Loans in Pool 2 which have an adjustable interest rate based on the One Year CMT Index (see "DESCRIPTION OF THE MORTGAGE POOLS-Pool 2 Mortgage Loan Indices"). Subgroup 2-B consists of all Mortgage Loans in Pool 2 which have adjustable interest rates based on indices other than the One Year CMT Index.

The "Net Mortgage Rate" for any Pool 2 Mortgage Loan is the interest rate thereof less (a) the applicable Pool 2 Servicing Fee Rate (as defined herein) and (b) the Master Servicing Fee Rate (as defined herein).

The "Interest Remittance Amount" with respect to any Distribution Date will equal (a) the sum of (i) all interest collected (other than Payaheads) or advanced in respect of Scheduled Payments on the Pool 2 Mortgage Loans during the related Collection Period (less (x) the Group 2 Servicing Fee and (y) unreimbursed Advances and other amounts due to the Servicer, the Master Servicer or the Trustee, to the extent allocable to interest), (ii) all Compensating Interest (as defined herein) paid by the Servicers or the Master Servicer with respect to Pool 2 Mortgage Loans and the related Prepayment Period, (iii) the portion of any Substitution Amount (as defined herein) paid with respect to Pool 2 Mortgage Loans during the related Prepayment Period (as defined herein) allocable to interest, and (iv) all Net Liquidation Proceeds with respect to Pool 2 Mortgage Loans and any other recoveries collected during the related Prepayment Period, to the extent allocable to interest, as reduced in each case by unreimbursed Advances and other amounts due to the Master Servicer, Servicers or the Trustee, to the extent allocable to interest as reduced by (b) any other amounts reimbursable to the Trustee.

The "Subgroup 2-A Interest Remittance Amount" with respect to any Distribution Date will equal the Interest Remittance Amount attributable or allocable to the Subgroup 2-A Mortgage Loans for such Distribution Date.

The "Subgroup 2-B Interest Remittance Amount" with respect to any Distribution Date will equal the Interest Remittance Amount attributable or allocable to the Subgroup 2-B Mortgage Loans for such Distribution Date.

On each Distribution Date, the Interest Remittance Amount for such date will be distributed in the following amounts and order of priority:

- (i) to the extent of the Subgroup 2-A Interest Remittance Amount, *pro rata*, to the Class 2-A1 and Class 2-AXA Certificates, Current Interest for each such Class and such Distribution Date and any Carryforward Interest for each such Class and such Distribution Date;

- (ii) to the extent of the Subgroup 2-B Interest Remittance Amount, *pro rata*, to the Class 2-A2 and Class 2-AXB Certificates, Current Interest for each such Class and

such Distribution Date and any Carryforward Interest for each such Class and such Distribution Date;

(iii) to the Class 2-B1 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date;

(iv) to the Class 2-B2 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date;

(v) to the Class 2-B3 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date;

(vi) to the Class 2-B4 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date;

(vii) to the Class 2-B5 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date; and

(viii) to the Class 2-B6 Certificates, to the extent of the remaining Interest Remittance Amount, Current Interest for such Class and such Distribution Date and any Carryforward Interest for such Class and such Distribution Date.

When a principal prepayment in full is made on a Pool 2 Mortgage Loan, the borrower is charged interest only to the date of such prepayment, instead of for a full month, with a resulting reduction in interest payable for the month during which the prepayment is made. Prepayments in part may be applied, depending upon the practices of the applicable Servicer, as of the date of receipt or as of first day of the related Prepayment Period, with a resulting reduction in interest payable for the month during which the partial prepayment is made. Full or partial prepayments (or proceeds of other liquidations) received in any calendar month will be distributed to Group 2 Certificateholders on the Distribution Date following such Prepayment Period. To the extent that, as a result of a full or partial prepayment, a mortgagor is not required to pay a full month's interest on the amount prepaid, a shortfall in the amount available to make distributions of interest on the related Certificates could result. The difference between one month's interest at the Mortgage Rate, as reduced by the Group 2 Servicing Fee Rate, on a Mortgage Loan as to which a voluntary prepayment has been made and the amount of interest actually received in connection with such prepayment is a "Prepayment Interest Shortfall." With respect to prepayments in full or in part, the Servicer is obligated to reduce the aggregate of its Servicing Fees for the related Distribution Date to fund any Prepayment Interest Shortfalls. Any Prepayment Interest Shortfalls not funded by the Servicer ("Net Prepayment Interest Shortfalls") are required to be funded by the Master Servicer to the extent of its Aggregate Master Servicing Compensation. Any such payment by the Servicer or the Master Servicer is referred to herein as "Compensating Interest." See "SERVICING THE MORTGAGE LOANS—Prepayment Interest Shortfalls". Any such Prepayment Interest Shortfall not funded by the Servicer or the Master Servicer will reduce the Interest Remittance Amount available for distribution on the related Distribution Date.

Determination of the Class 2-A2 Interest Rates. For purposes of determining the Interest Rate on the Class 2-A2 Certificates, LIBOR will be determined by the Master Servicer as follows:

On the second business day (as defined below) immediately preceding the commencement of an Accrual Period applicable to the Class 2-A2 Certificates (other than the first Accrual Period) (each, a "LIBOR Determination Date"), the Master Servicer will determine LIBOR as the "Interest Settlement Rate" for one-month U.S. dollar deposits set by the British Bankers' Association ("BBA") as of 11:00 a.m. (London time) on the LIBOR Determination Date. For these purposes, a "business day" is any day on which banks are open for dealing in foreign currency and exchange in London, New York and Washington, D.C.

The BBA's Interest Settlement Rates are currently displayed on the Dow Jones Telerate Service page 3750 (such page, or such other page as may replace page 3750 on that service or such other service as may be nominated by the BBA as the information vendor for the purpose of displaying the BBA's Interest Settlement Rates for deposits in U.S. dollars, the "Designated Telerate Page"). Such Interest Settlement Rates are also currently available on Reuters Monitor Money Rates Service ("Reuters") page "LIBOR01" and Bloomberg L.P. ("Bloomberg") page "BBAM."

With respect to a LIBOR Determination Date, if the BBA's Interest Settlement Rate does not appear on the Designated Telerate Page as of 11:00 a.m. (London time) on such date, or if the Designated Telerate Page is not available on such date, the Master Servicer will obtain such rate from the Reuters' or Bloomberg's page. If such rate is not published for such LIBOR Determination Date, LIBOR for such date will be the most recently published Interest Settlement Rate for one-month U.S. dollar deposits. In the event that BBA no longer sets an Interest Settlement Rate, the Master Servicer will notify the Trustee and the Trustee will designate an alternative index that has performed, or that the Trustee expects to perform, in a manner substantially similar to the BBA's Interest Settlement Rate. The Trustee will select a particular index as the alternative index only if it receives an opinion of counsel of the Depositor to the effect that the selection of such index will not cause the Upper Tier and Lower Tier REMICs to lose their classification as REMICs for federal income tax purposes.

The establishment of LIBOR by the Master Servicer and the Master Servicer's subsequent calculation of the rate of interest applicable to the Class 2-A2 Certificates for the relevant Accrual Period, in the absence of manifest error, will be final and binding.

Distributions of Principal. Distributions of principal on the Group 2 Certificates will be made on each Distribution Date on an aggregate amount equal to the Group 2 Principal Distribution Amount for such Distribution Date.

For purposes of distributions of principal, the Pool 2 Mortgage Loans are, as in the case of interest distributions in the Group 2 Certificates, divided into Subgroup 2-A and Subgroup 2-B.

The "Group 2 Principal Distribution Amount" for any Distribution Date will be equal to the sum of (1) all principal collected (other than Payaheads) or advanced in respect of Scheduled Payments on the Pool 2 Mortgage Loans during the related Collection Period (less unreimbursed Advances and other amounts due to the applicable Servicer or the Master Servicer, to the extent allocable to principal), (2) the outstanding principal balance of each Pool 2 Mortgage Loan that was purchased from the Trust Fund during the related Prepayment Period, (3) the portion of any Substitution Amount paid in respect of Pool 2 Mortgage Loans during the related Prepayment Period allocable to principal, and (4) all Net

Liquidation Proceeds and any other recoveries collected in respect of Pool 2 Mortgage Loans during the related Prepayment Period, to the extent allocable to principal, as reduced in each case by unreimbursed Advances and other amounts due to the applicable Servicer or the Master Servicer, to the extent allocable to principal.

The "Subgroup 2-A Principal Distribution Amount" for any Distribution Date will be equal to the Group 2 Principal Distribution Amount attributable or allocable to the Subgroup 2-A Mortgage Loans for such Distribution Date.

The "Subgroup 2-B Principal Distribution Amount" for any Distribution Date will be equal to the Group 2 Principal Distribution Amount attributable or allocable to the Subgroup 2-B Mortgage Loans for such Distribution Date.

The "Collection Period" with respect to any Distribution Date is the one-month period beginning on the second day of the calendar month immediately preceding the month in which such Distribution Date occurs and ending on the first day of the month in which such Distribution Date occurs.

The "Prepayment Period" with respect to each Distribution Date is the period specified in the applicable Servicing Agreement during which amounts required to be remitted by the related Servicer in respect of Pool 2 Mortgage Loan prepayments are received by such Servicer which generally is the calendar month immediately preceding the month in which the related Distribution Date occurs.

The Group 2 Principal Distribution Amount will be distributed on each Distribution Date as follows:

On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event has occurred and is continuing, the Group 2 Principal Distribution Amount for such date will be distributed in the following amounts and order of priority:

- (i) to the extent of the Subgroup 2-A Principal Distribution Amount, sequentially to the Class 2-A1 and Class 2-A2 Certificates, in that order, until the Class Principal Amount of each such Class has been reduced to zero;
- (ii) to the extent of the Subgroup 2-B Principal Distribution Amount, sequentially, to the Class 2-A2 and Class 2-A1 Certificates, in that order, until the Class Principal Amount of each such Class has been reduced to zero;
- (iii) to the Class 2-B1 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero;
- (iv) to the Class 2-B2 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero;
- (v) to the Class 2-B3 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero;

(vi) to the Class 2-B4 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero;

(vii) to the Class 2-B5 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero; and

(viii) to the Class 2-B6 Certificates, to the extent of the remaining Group 2 Principal Distribution Amount, until the Class Principal Amount of such Class has been reduced to zero.

On each Distribution Date (a) on or after the Stepdown Date and (b) with respect to which a Trigger Event has not occurred and is not continuing, the Group 2 Principal Distribution Amount for such date will be distributed in the following order of priority:

(i) concurrently, to the extent of the Group 2 Senior Principal Distribution Amount, to the Class 2-A1 and Class 2-A2 Certificates, an amount equal, in each case, to the product of (x) the fraction, the numerator of which is the portion of the Group 2 Principal Distribution Amount for such date allocable or attributable to the Mortgage Loans of the related Subgroup and the denominator of which is the Group 2 Principal Distribution Amount for such date and (y) the lesser of (A) the Group 2 Senior Principal Distribution Amount for such date and (B) the Group 2 Principal Distribution Amount for such date, until the Class Certificate Principal Amount of each such Class has been reduced to zero; provided, however, that if, on any Distribution Date, the Class 2-A1 or Class 2-A2 Certificates has been reduced to zero, the remaining such Class shall be entitled, as a distribution pursuant to this clause, to the Group 2 Senior Principal Distribution Amount for such date (or the Group 2 Principal Distribution Amount, if less);

(ii) to the Class 2-B1 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1 and Class 2-A2 Certificates on such date pursuant to clause (i) above and (y) the Class 2-B1 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero;

(iii) to the Class 2-B2 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1, Class 2-A2 and Class 2-B1 Certificates on such date pursuant to clauses (i) and (ii) above and (y) the Class 2-B2 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero;

(iv) to the Class 2-B3 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1, Class 2-A2, Class 2-B1 and Class 2-B2 Certificates on such date pursuant to clauses (i) through (iii) above and

(y) the Class 2-B3 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero;

(v) to the Class 2-B4 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2 and Class 2-B3 Certificates on such date pursuant to clauses (i) through (iv) above and (y) the Class 2-B4 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero;

(vi) to the Class 2-B5 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2, Class 2-B3 and Class 2-B4 Certificates on such date pursuant to clauses (i) through (v) above and (y) the Class 2-B5 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero; and

(vii) to the Class 2-B6 Certificates, an amount equal to the lesser of (x) the excess of (1) the Group 2 Principal Distribution Amount for such Distribution Date over (2) the amount distributed to the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4 and Class 2-B5 Certificates on such date pursuant to clauses (i) through (vi) above and (y) the Class 2-B6 Principal Distribution Amount for such date, until the Class Principal Amount of such Class has been reduced to zero.

Notwithstanding the foregoing, on any Distribution Date on which the Class Principal Amount of each Class of Group 2 Certificates having a higher priority of distribution has been reduced to zero, any remaining Group 2 Principal Distribution Amount will be distributed to the remaining Classes of Group 2 Certificates, in the order of priority set forth above, until the Class Principal Amount of each such Class has been reduced to zero.

A “Trigger Event” has occurred or is continuing with respect to any Distribution Date if the Rolling Three Month Delinquency Rate as of the last day of the immediately preceding Collection Period equals or exceeds 50% of the Group 2 Senior Enhancement Percentage for such Distribution Date.

The “Rolling Three Month Delinquency Rate” with respect to any Distribution Date will be the fraction, expressed as a percentage, equal to the average of the Group 2 Delinquency Rates for each of the three (or one and two, in the case of the first and second Distribution Dates, respectively) immediately preceding Collection Periods. The “Group 2 Delinquency Rate” for any Collection Period will be the fraction, expressed as a percentage, the numerator of which is the aggregate outstanding principal balance of all Pool 2 Mortgage Loans 60 or more days delinquent (including all foreclosures and REO Properties) of the Pool 2 Mortgage Loans as of the close of business on the last day of such Collection Period, and the denominator of which is the Aggregate Loan Balance (as defined herein) for Group 2 as of the close of business on the last day of such Collection Period.

The “Stepdown Date” is the later to occur of (x) the Distribution Date in December 2001 and (y) the first Distribution Date on which the Group 2 Senior Enhancement Percentage (calculated for this purpose *after* giving effect to payments or other recoveries in respect of the Pool 2 Mortgage Loans

during the related Collection Period but *before* giving effect to distributions of principal on the Group 2 Certificates on such Distribution Date) is greater than or equal to 18.00%.

The “Group 2 Senior Principal Distribution Amount” for any Distribution Date will be equal to (a) prior to the Stepdown Date or if a Trigger Event has occurred and is continuing, 100% of the Group 2 Principal Distribution Amount and (b) on or after the Stepdown Date and as long as a Trigger Event is not continuing (or has not occurred), the amount, if any, by which (x) the aggregate Certificate Principal Amount of the Class 2-A1 and Class 2-A2 Certificates immediately prior to such Distribution Date exceeds (y) the product of (i) 82.00% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The “Class 2-B1 Principal Distribution Amount” for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1 and Class 2-A2 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B1 Certificates immediately prior to such Distribution Date exceeds (y) the product of (i) 87.00% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The “Class 2-B2 Principal Distribution Amount” for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1, Class 2-A2 and Class 2-B1 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B2 Certificates immediately prior to such Distribution Date exceeds (y) the product of (i) 91.00% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The “Class 2-B3 Principal Distribution Amount” for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1, Class 2-A2, Class 2-B1 and Class 2-B2 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B3 Certificates immediately prior to such Distribution Date exceeds (y) the product of (i) 94.00% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The “Class 2-B4 Principal Distribution Amount” for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2 and Class 2-B3 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B4 Certificates immediately prior to such Distribution Date exceeds (y) the product of (i) 96.20% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The “Class 2-B5 Principal Distribution Amount” for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2, Class 2-B3 and Class 2-B-4 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B5 Certificates immediately prior to such Distribution Date

exceeds (y) the product of (i) 97.30% and (ii) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The "Class 2-B6 Principal Distribution Amount" for any Distribution Date will be equal, on or after the Stepdown Date and as long as a Trigger Event is not continuing, to the amount, if any, by which (x) the sum of (i) the Class Principal Amounts of the Class 2-A1, Class 2-A2, Class 2-B1, Class 2-B2, Class 2-B3, Class 2-B4 and Class 2-B5 Certificates after giving effect to distributions on such Distribution Date and (ii) the Class Principal Amount of the Class 2-B6 Certificates immediately prior to such Distribution Date exceeds (y) the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The "Group 2 Senior Enhancement Percentage" with respect to any Distribution Date will be the fraction, expressed as a percentage, the numerator of which is the aggregate Certificate Principal Amount of the Group 2 Subordinate Certificates after giving effect to distributions on such Distribution Date, and the denominator of which is the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the last day of the related Collection Period.

The "Scheduled Principal Balance" or "Pool 2 Scheduled Principal Balance" of any Pool 2 Mortgage Loan as of any date of determination is generally equal to the outstanding principal balance thereof as of the Cut-off Date, after giving effect to Scheduled Payments due on or before such date, reduced by (i) the principal portion of all Scheduled Payments due on or before the due date in the Collection Period immediately preceding such date of determination, whether or not received, and (ii) all amounts allocable to unscheduled principal payments received on or before the last day of the Prepayment Period immediately preceding such date of determination. The "Aggregate Loan Balance" as of any date of determination will be equal to the aggregate of the Scheduled Principal Balances of the Pool 2 Mortgage Loans as of such date.

The "Scheduled Payment" of any Pool 2 Mortgage Loan is the scheduled monthly payment of principal and interest due on the Mortgage Loan specified in the related Mortgage Note.

"Net Liquidation Proceeds" means all amounts, net of unreimbursed expenses incurred in connection with liquidation or foreclosure and unreimbursed Advances, if any, received and retained in connection with the liquidation of defaulted Mortgage Loans, by foreclosure or otherwise, together with any net proceeds received on a monthly basis with respect to any properties acquired on behalf of the Certificateholders by foreclosure or deed in lieu of foreclosure.

"Business Day" has the same meaning given to such term for purposes of Group 2 Certificates at "—DISTRIBUTIONS ON THE GROUP 1 CERTIFICATES — Available Distribution Amount."

Credit Enhancement. Credit enhancement for the Group 2 Senior Certificates consists of the subordination of the Group 2 Subordinate Certificates and the priority of application of Realized Losses, in each case as described herein.

Subordination. The rights of holders of the Group 2 Subordinate Certificates to receive distributions with respect to the Pool 2 Mortgage Loans will be subordinated, to the extent described herein, to such rights of holders of each Class of Group 2 Senior Certificates having a higher priority of distribution, as described under "—Distributions on the Group 2 Certificates." This subordination is intended to enhance the likelihood of regular receipt by holders of Group 2 Senior Certificates having a

higher priority of distribution of the full amount of interest and principal distributable thereon, and to afford such Certificateholders limited protection against Realized Losses incurred with respect to the Pool 2 Mortgage Loans.

The limited protection afforded to holders of Class 2-A1 and Class 2-A2 Certificates by means of the subordination of Group 2 Subordinate Certificates having a lower priority of distribution will be accomplished by the preferential right of holders of Group 2 Senior Certificates to receive, prior to any distribution in respect of interest or principal, respectively, being made on any Distribution Date in respect of Group 2 Certificates having a lower priority of distribution, the amounts of interest due them and principal available for distribution, respectively, on such Distribution Date, and, if necessary, by the right of such Group 2 Certificateholders to receive future distributions of amounts that would otherwise be distributable to holders of lower ranking Group 2 Certificates.

Application of Realized Losses. If a Pool 2 Mortgage Loan becomes a Liquidated Mortgage Loan during any Prepayment Period, the related Net Liquidation Proceeds, to the extent allocable to principal, may be less than the outstanding principal balance of such Mortgage Loan. The amount of such insufficiency is a “Realized Loss.” Realized Losses on the Pool 2 Mortgage Loans will have the effect of reducing amounts distributable in respect of, *first*, the Class 2-B6 Certificates; *second*, the Class 2-B5 Certificates; *third*, the Class 2-B4 Certificates; *fourth*, the Class 2-B3 Certificates; *fifth*, the Class 2-B2 Certificates; and *sixth*, the Class 2-B1 Certificates, before reducing amounts distributable in respect of the Class 2-A1 and Class 2-A2 Certificates. A “Liquidated Mortgage Loan” is, in general, a defaulted Mortgage Loan as to which the applicable Servicer has determined that all amounts that it expects to recover in respect of such Mortgage Loan have been recovered (exclusive of any possibility of a deficiency judgment). To the extent that the Pool 2 Mortgage Loans experience Realized Losses, such Realized Losses will reduce the Aggregate Loan Balance of the Pool 2 Mortgage Loans.

If on any Distribution Date after giving effect to all Realized Losses incurred during the related Collection Period and distributions of principal on such Distribution Date, the aggregate Certificate Principal Amount of the Group 2 Certificates exceeds the Aggregate Loan Balance of the Pool 2 Mortgage Loans as of the end of such Collection Period (such excess, an “Applied Loss Amount”), the Class Principal Amounts of the Group 2 Subordinate Certificates will be reduced in inverse order of priority of distribution. Applied Loss Amounts will be allocated in reduction of the Class Principal Amount of *first*, the Class 2-B6 Certificates, until the Class Principal Amount thereof has been reduced to zero; *second*, the Class 2-B5 Certificates, until the Class Principal Amount thereof has been reduced to zero; *third*, the Class 2-B4 Certificates, until the Class Principal Amount thereof has been reduced to zero; *fourth*, the Class 2-B3 Certificates, until the Class Principal Amount thereof has been reduced to zero; *fifth*, the Class 2-B2 Certificates, until the Class Principal Amount thereof has been reduced to zero; and *sixth*, the Class 2-B1 Certificates, until the Class Principal Amount thereof has been reduced to zero. The Class Principal Amount of the Class 2-A1 and Class 2-A2 Certificates will not be reduced by allocation of Applied Loss Amounts.

Holders of Group 2 Subordinate Certificates will not receive any distributions in respect of Applied Loss Amounts.

The Residual Certificate. The holder of the Class R Certificate will be entitled to receive, generally, (1) the amount, if any, remaining in the Lower and Upper Tier REMIC on any Distribution Date after distributions of principal and interest are made on the regular interests in each such REMIC on such date and (2) the proceeds, if any, of the assets of the Trust Fund remaining in each REMIC after the

principal amounts of the regular interests in each such REMIC have been reduced to zero. It is generally not anticipated that any material assets will be remaining for such distributions at any such time. See "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein.

Final Scheduled Distribution Date. Scheduled distributions on the Pool 2 Mortgage Loans, assuming no defaults or losses that are not covered by the limited credit support described herein, will be sufficient to make timely distributions of interest on the Group 2 Certificates and to reduce the aggregate Certificate Principal Amount of the Group 2 Certificates to zero not later than January, 2032. The actual final Distribution Date for the Group 2 Offered Certificates may be earlier, and could be substantially earlier, than their Final Scheduled Distribution Date.

The Final Scheduled Distribution Date for the Group 2 Offered Certificates has been determined by adding three months to the month of scheduled maturity of the latest maturing Pool 2 Mortgage Loan.

Optional Termination of the Trust

On any Distribution Date after the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than 10% of such Balance as of the Cut-off Date, the Depositor (subject to the terms of the Trust Agreement) will have the option to cause the sale of the Mortgage Loans, any REO Property and any other property remaining in the Trust Fund and thereby effect the termination of the Trust Fund and the retirement of the Certificates. The purchase price of the Mortgage Loans must be equal to the sum of (a) 100% of the aggregate outstanding principal balance of such Mortgage Loans, plus accrued interest thereon at the applicable Mortgage Rate and (b) the fair market value of all other property remaining in the Trust Fund. Such liquidation will be treated as a prepayment of the Mortgage Loans for purposes of distributions to Certificateholders. Upon such payment in full to Certificateholders of such amounts, the Trust Fund will be terminated.

DESCRIPTION OF THE MORTGAGE POOLS

Pool 1

The Pool 1 Mortgage Loans will consist of approximately 4,874 conventional, fixed rate, fully amortizing, monthly payment Mortgage Loans with original terms to maturity from the first due date of the scheduled monthly payment of principal and/or interest (each such payment, a "Scheduled Payment") of not more than 40 years, having an aggregate Scheduled Principal Balance as of the Cut-off Date of approximately \$157,259,645.25. The Pool 1 Mortgage Loans either will be acquired by the Depositor from the Seller, which acquired such Mortgage Loans from various originators, or will be acquired directly by the Depositor from another securitization trust. See "The Trust Agreement—Assignment of Mortgage Loans" herein. Interest on the Pool 1 Mortgage Loans accrues on the basis of a 360-day year consisting of twelve 30-day months.

Wherever reference is made herein to a percentage of some or all of the Pool 1 Mortgage Loans, such percentage is determined (unless otherwise specified) on the basis of the aggregate Scheduled Principal Balance of such Pool 1 Mortgage Loans as of the Cut-off Date.

Approximately 96.90% of the Pool 1 Mortgage Loans are secured by first mortgages or deeds of trust or other similar security instruments creating first liens on one- to four-family residential properties

consisting of one- to four-family dwelling units, individual condominium units, or individual units in planned unit developments.

Pursuant to its terms, each Pool 1 Mortgage Loan, other than a Cooperative Loan or a loan secured by a condominium unit, is required to be covered by a standard hazard insurance policy in an amount equal to the lower of the unpaid principal amount thereof or the replacement value of the improvements on the related mortgaged property. Generally, a cooperative housing corporation or a condominium association is responsible for maintaining hazard insurance covering the entire building.

Approximately 48.94% of the Mortgage Loans have original Loan-to-Value Ratios in excess of 80%. Approximately 54.13% of such Mortgage Loans are covered by primary mortgage guaranty insurance policies, which policies insure, generally, any portion of the unpaid principal balance of such Mortgage Loan in excess of 75% of the value of the related Mortgaged Property. In addition, all Pool 1 Mortgage Loans with current Loan-to-Value Ratios in excess of 80% are covered by either a primary mortgage guaranty insurance policy (that fully insures that portion of the unpaid principal balance that exceeds 80% of the mortgaged property's value), FHA insurance or a VA guaranty. No such primary mortgage guaranty insurance policy will be required with respect to any such Mortgage Loan after the date on which the related Loan-to-Value Ratio is 80% or less. The "Loan-to-Value Ratio" of a Mortgage Loan at any time is the ratio of the principal balance of such Mortgage Loan at the date of determination to (a) in the case of a purchase, the lesser of the sale price of the mortgaged property and its appraised value at the time of sale, or (b) in the case of a refinance or modification, the appraised value of the mortgaged property at the time of such refinance or modification.

As of the Cut-off Date, 3.18% of the Pool 1 Mortgage Loans was 30 to 59 days delinquent in payment, and no such Mortgage Loans were 60 days or more delinquent in payment.

The Pool 1 Mortgage Loans are expected to have the following approximate aggregate characteristics as of the Cut-off Date. Prior to the issuance of the Group 1 Certificates, the Pool 1 Mortgage Loans may be removed from the Trust Fund as a result of incomplete documentation or otherwise, if the Depositor deems such removal necessary or appropriate. In addition, a limited number of other mortgage loans may be included in Pool 1 prior to the issuance of the Group 1 Certificates.

Number of Pool 1 Mortgage Loans.....	4,874
Aggregate Scheduled Principal Balance	\$157,259,645.25
Mortgage Rates:	
Weighted Average.....	9.126%
Range.....	5.500% to 18.000%
Weighted Average Remaining Term to Maturity (in months).....	206

The Scheduled Principal Balances of the Pool 1 Mortgage Loans range from approximately \$44.13 to approximately \$284,515.69. The Pool 1 Mortgage Loans have an average Scheduled Principal Balance of approximately \$32,265.01.

The weighted average Loan-to-Value Ratio at origination of the Pool 1 Mortgage Loans was approximately 80.76%, and no Pool 1 Mortgage Loan had a Loan-to-Value Ratio at origination exceeding 100%.

No more than approximately 2.51% of the Pool 1 Mortgage Loans are secured by Mortgaged Properties located in any one zip code area.

The following tables set forth as of the Cut-off Date the number, aggregate Scheduled Principal Balance and percentage of the Pool 1 Mortgage Loans having the stated characteristics shown in the tables in each range. *The sum of the amounts of the aggregate Scheduled Principal Balances and the percentages in the following tables may not equal the totals due to rounding.*

Original Loan-to-Value Ratios – Pool 1

<u>Range of Original Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.001 - 10.000.....	14	\$ 229,257.60	0.15%
10.001 - 20.000.....	25	271,257.55	0.17
20.001 - 30.000.....	32	597,011.99	0.38
30.001 - 40.000.....	74	1,902,516.60	1.21
40.001 - 50.000.....	122	3,052,188.58	1.94
50.001 - 60.000.....	191	6,054,477.61	3.85
60.001 - 70.000.....	382	13,623,672.77	8.66
70.001 - 80.000.....	1,571	54,564,236.31	34.70
80.001 - 90.000.....	1,005	39,014,302.89	24.81
90.001 - 100.000.....	<u>1,458</u>	<u>37,950,723.35</u>	<u>24.13</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The weighted average original loan-to-value ratio is approximately 80.76%.

Current Loan-to-Value Ratios – Pool 1

<u>Range of Current Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.001 - 10.000.....	257	\$ 996,268.59	0.63%
10.001 - 20.000.....	456	3,223,781.55	2.05
20.001 - 30.000.....	732	8,120,286.39	5.16
30.001 - 40.000.....	516	9,292,776.04	5.91
40.001 - 50.000.....	529	13,210,283.94	8.40
50.001 - 60.000.....	495	16,591,378.76	10.55
60.001 - 70.000.....	654	30,035,038.68	19.10
70.001 - 80.000.....	723	44,142,599.53	28.07
80.001 - 90.000.....	420	25,228,795.56	16.04
90.001 - 100.000.....	<u>92</u>	<u>6,418,436.21</u>	<u>4.08</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The weighted average current loan-to-value ratio is approximately 64.60%.

Current Mortgage Rates – Pool 1

<u>Range of Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
5.001 - 6.000.....	15	\$ 270,148.93	0.17%
6.001 - 7.000.....	500	8,507,507.73	5.41
7.001 - 8.000.....	800	34,217,197.63	21.76
8.001 - 9.000.....	1,284	40,579,634.91	25.80
9.001 - 10.000.....	1,320	42,404,037.70	26.96
10.001 - 11.000.....	506	19,886,087.80	12.65
11.001 - 12.000.....	199	5,847,866.87	3.72
12.001 - 13.000.....	140	3,517,217.10	2.24
13.001 - 14.000.....	77	1,471,781.13	0.94
14.001 - 15.000.....	24	436,422.44	0.28
15.001 - 16.000.....	5	92,451.22	0.06
16.001 >=.....	<u>4</u>	<u>29,291.79</u>	<u>0.02</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The weighted average Current Mortgage Rate is approximately 9.13% per annum.

Original Terms to Maturity – Pool 1

<u>Range of Maturities (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
25 - 48	2	\$ 4,726.42	0.00%
49 - 72	2	147,076.29	0.09
73 - 96	7	68,329.93	0.04
97 - 120	59	1,361,797.67	0.87
121 - 144	12	244,869.95	0.16
145 - 168	13	320,424.81	0.20
169 - 192	527	13,694,106.40	8.71
193 - 216	15	309,620.21	0.20
217 - 240	223	4,253,436.88	2.70
241 - 264	22	663,332.88	0.42
265 - 288	31	1,101,115.00	0.70
289 - 312	491	9,046,832.07	5.75
313 - 336	68	3,748,630.20	2.38
337 - 360	3,279	118,377,322.17	75.28
361 +	<u>123</u>	<u>3,918,024.37</u>	<u>2.49</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The weighted average original term to maturity is approximately 332 months.

Remaining Terms to Maturity – Pool 1

<u>Range of Maturities (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0 - 12	123	\$ 705,458.70	0.45%
13 - 24	137	748,537.26	0.48
25 - 36	304	2,372,337.62	1.51
37 - 48	484	4,664,702.19	2.97
49 - 60	371	3,877,454.01	2.47
61 - 72	217	3,312,555.76	2.11
73 - 84	170	3,319,730.30	2.11
85 - 96	199	4,151,022.42	2.64
97 - 108	292	5,949,972.28	3.78
109 - 120	281	6,294,458.71	4.00
121 - 132	204	5,826,037.95	3.70
133 - 144	108	3,112,813.46	1.98
145 - 156	120	4,100,172.18	2.61
157 - 168	84	2,634,151.16	1.68
169 - 180	79	3,669,010.68	2.33
181 - 192	66	2,896,771.02	1.84
193 - 204	53	2,293,257.13	1.46
205 - 216	156	7,425,396.95	4.72
217 - 228	259	14,603,156.86	9.29
229 - 240	226	14,037,088.90	8.93
241 - 252	180	12,116,349.67	7.70
253 - 264	137	9,140,685.51	5.81
265 - 276	106	4,998,016.76	3.18
277 - 288	104	6,312,220.25	4.01
289 - 300	58	4,025,992.85	2.56
301 - 312	68	6,264,905.44	3.98
313 - 324	60	4,479,327.28	2.85
325 - 336	119	6,901,515.28	4.39
337 - 348	74	4,404,440.48	2.80
349 - 360	33	2,521,019.47	1.60
361 +	<u>2</u>	<u>101,086.72</u>	<u>0.06</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The weighted average remaining term to maturity is approximately 206 months.

Geographic Distribution – Pool 1

<u>State</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Alabama	72	\$ 1,511,926.95	0.96%
Alaska	5	358,822.12	0.23
Arizona	259	5,505,671.87	3.50
Arkansas	45	795,497.04	0.51
California	186	14,763,679.12	9.39
Colorado	38	2,812,792.48	1.79
Connecticut	17	1,448,627.69	0.92
Delaware	5	232,683.85	0.15
District of Columbia	15	697,176.16	0.44
Florida	327	12,610,224.20	8.02
Georgia	19	777,640.72	0.49
Idaho	3	145,798.11	0.09
Illinois	236	5,560,698.51	3.54
Indiana	8	444,714.76	0.28
Iowa	35	459,279.73	0.29
Kansas	81	2,251,012.21	1.43
Kentucky	15	218,686.53	0.14
Louisiana	394	11,206,188.09	7.13
Maryland	223	7,967,692.66	5.07
Massachusetts	62	4,208,551.48	2.68
Michigan	273	4,210,328.11	2.68
Minnesota	14	701,664.00	0.45
Mississippi	17	504,214.09	0.32
Missouri	125	3,029,459.11	1.93
Nebraska	29	621,208.11	0.40
Nevada	10	463,416.95	0.29
New Hampshire	21	588,869.07	0.37
New Jersey	157	10,397,962.62	6.61
New Mexico	52	1,375,741.16	0.87
New York	231	10,629,680.25	6.76
North Carolina	53	2,065,448.27	1.31
North Dakota	1	16,400.42	0.01
Ohio	443	4,984,445.03	3.17
Oklahoma	287	6,623,950.09	4.21
Oregon	20	340,381.00	0.22
Pennsylvania	206	5,853,198.11	3.72
Rhode Island	4	392,454.04	0.25
South Carolina	9	373,623.75	0.24
Tennessee	6	273,580.31	0.17
Texas	761	24,453,508.86	15.55
Utah	11	386,008.74	0.25
Virginia	66	3,522,267.67	2.24
Washington	11	874,701.87	0.56
West Virginia	2	226,596.22	0.14
Wisconsin	18	365,248.69	0.23
Wyoming	2	7,924.43	0.01
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Scheduled Principal Balances – Pool 1

<u>Range of Scheduled Principal Balances (\$)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.01 - 50,000.00.....	3,917	\$ 73,234,261.13	46.57%
50,000.01 - 100,000.00	682	45,891,903.99	29.18
100,000.01 - 150,000.00	188	22,522,496.60	14.32
150,000.01 - 200,000.00	72	12,359,464.75	7.86
200,000.01 - 250,000.00	14	2,967,003.09	1.89
250,000.01 - 300,000.00	<u>1</u>	<u>284,515.69</u>	<u>0.18</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

The average Cut-off Date Scheduled Principal Balance is approximately \$32,265.

Property Type – Pool 1

<u>Property Type</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Single Family.....	3,701	\$ 108,835,465.90	69.21%
Condominium	822	33,729,246.33	21.45
Two- to Four-Family	160	6,203,155.81	3.94
Cooperative.....	105	4,765,353.56	3.03
Townhouse	67	2,370,712.52	1.51
Planned Unit Development.....	7	890,930.37	0.57
BLANKET	5	141,785.42	0.09
Multi-Family.....	1	130,863.60	0.08
Manufactured Housing.....	1	84,182.03	0.05
Other	5	107,949.71	0.07
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Loan Purpose – Pool 1

<u>Loan Purpose</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Purchase	3,886	\$ 120,751,280.70	76.78%
Refinance.....	973	35,588,413.22	22.63
Cash Out.....	10	681,406.14	0.43
Loan To Facilitate	1	148,725.21	0.09
Construction/Perm	<u>4</u>	<u>89,819.98</u>	<u>0.06</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Loan Documentation – Pool 1

<u>Loan Documentation</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Full Documentation.....	4,773	\$ 153,698,624.60	97.74%
Limited Documentation.....	68	2,535,728.28	1.61
No Documentation	<u>33</u>	<u>1,025,292.37</u>	<u>0.65</u>
Total	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Occupancy Status – Pool 1

<u>Occupancy Status</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Primary Home.....	4,120	\$ 128,483,534.46	81.70%
Investment	420	18,945,375.65	12.05
Second Home.....	<u>334</u>	<u>9,830,735.14</u>	<u>6.25</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Servicers – Pool 1

<u>Servicer</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Atlantic.....	438	\$ 3,240,235.14	2.06%
Aurora	4,257	145,489,132.15	92.52
Norwest	172	7,926,872.43	5.04
WMBFA.....	<u>7</u>	<u>603,405.53</u>	<u>0.38</u>
Total:	<u>4,874</u>	<u>\$157,259,645.25</u>	<u>100.00%</u>

Pool 2

The Pool 2 Mortgage Loans will consist of approximately 3,614 conventional, adjustable rate, fully amortizing, monthly payment Mortgage Loans with original terms to maturity of not more than 40 years, having an aggregate Scheduled Principal Balance as of the Cut-off Date of approximately \$211,265,976.31. Interest on the Pool 2 Mortgage Loans accrues on the basis of a 360-day year consisting of twelve 30-day months.

Wherever reference is made herein to a percentage of some or all of the Pool 2 Mortgage Loans, such percentage is determined (unless otherwise specified) on the basis of the aggregate Scheduled Principal Balance of such Pool 2 Mortgage Loans as of the Cut-off Date.

Approximately 96.04% of the Pool 2 Mortgage Loans are secured by first mortgages or deeds of trust or other similar security instruments creating first liens on one-to four-family residential properties consisting of one- to four-family dwelling units, individual condominium units, or individual units in planned unit developments. The Pool 2 Mortgage Loans either will be acquired by the Depositor from the Seller, which acquired such Mortgage Loans from various originators, or will be acquired directly by the Depositor from another securitization trust. See "The Trust Agreement—Assignment of Mortgage Loans".

In general, each Pool 2 Mortgage Loan bears interest at a rate that is subject to adjustment, as specified in the related Mortgage Note, either monthly, quarterly, semi-annually, annually, every three years or at other intervals, on the date specified in the related Mortgage Note (each such date, a "Rate Adjustment Date") to equal, the sum, generally rounded as provided in the related Mortgage Note, of the applicable index (the "Index") as most recently available as of the date specified in the related Mortgage Note and a fixed percentage amount (the "Gross Margin"). Such interest rate generally will not increase on any Rate Adjustment Date by more than the fixed percentage, if any, specified in the related Mortgage Note (a "Periodic Cap"), and will not be greater than the maximum interest rate, if any, thereunder (each, a "Maximum Rate"). Generally, effective with the first payment due on such a Mortgage Loan after each related Rate Adjustment Date, the monthly payment will be adjusted to an amount that will fully amortize the outstanding principal balance of the such Mortgage Loan over its remaining term and pay interest at the interest rate as so adjusted.

Solely for purposes of determining distributions of principal and interest on the Group 2 Certificates, the Pool 2 Mortgage Loans are divided into subgroups. "Subgroup 2-A" consists of all Pool 2 Mortgage Loans with an adjustable interest rate based upon the One Year CMT Index. See "—Pool 2 Mortgage Loan Indices" below. Subgroup 2-B consists of all Pool 2 Mortgage Loans with an adjustable interest rate based on an index other than the One Year CMT Index. See the Pool 2 Mortgage Loan Indices table below for a listing of the various indices applicable to the Pool 2 Mortgage Loans.

Approximately 6.36% of the Pool 2 Mortgage Loans are subject to negative amortization.

Approximately 0.68% of the Pool 2 Mortgage Loans provide that the borrower may, on certain dates and subject to certain conditions, as specified in the related Mortgage Note, convert the adjustable interest rate of the related Mortgage Loan to a fixed rate. Neither the Master Servicer, any Servicer nor any other party will be obligated to purchase any such Pool 2 Mortgage Loan as to which such option is exercised.

Pursuant to its terms, each Pool 2 Mortgage Loan, other than a Cooperative Loan or a loan secured by a condominium unit, is required to be covered by a standard hazard insurance policy in an amount generally equal to the lower of the unpaid principal amount thereof or the replacement value of the improvements on the Mortgaged Property. Generally, a cooperative housing corporation or condominium association is responsible for maintaining hazard insurance covering the entire building.

The weighted average number of months remaining to the next Rate Adjustment Date is 8 months.

The weighted average Loan-to-Value Ratio of the Pool 2 Mortgage Loans at origination was approximately 81.23%, and no Pool 2 Mortgage Loan had a Loan-to-Value Ratio at origination exceeding 103.85%. The "Loan-to-Value Ratio" of a Pool 2 Mortgage Loan at any time is the ratio of the principal balance of such Mortgage Loan at the date of determination to (a) in the case of a purchase, the lesser of the sale price of the Mortgaged Property and its appraised value at the time of sale, or (b) in the case of a refinance or modification, the appraised value of the Mortgaged Property at the time of such refinance or modification. All Pool 2 Mortgage Loans with current Loan-to-Value Ratios in excess of 80% are covered by either a primary mortgage guaranty insurance policy (that fully insures that portion of the unpaid principal balance that exceeds 80% of the mortgaged property's value), FHA insurance or a VA guaranty.

As of the Cut-off Date, 2.21% of the Pool 2 Mortgage Loans was 30 to 59 days delinquent and no such Mortgage Loans were 60 days or more delinquent in payment.

The Pool 2 Mortgage Loans are expected to have the following approximate aggregate characteristics as of the Cut-off Date. Prior to the issuance of the Group 2 Certificates, Pool 2 Mortgage Loans may be removed from the Trust Fund as a result of incomplete documentation or otherwise, if the Depositor deems such removal necessary or appropriate. In addition, a limited number of other mortgage loans may be included in the Pool 2 prior to the issuance of the Group 2 Certificates.

Number of Mortgage Loans	3,614
Aggregate Loan Balance.....	\$211,265,976.31
Mortgage Rates:.....	
Weighted Average.....	8.059%
Range	5.500% to 15.000%
Weighted Average Remaining Term to Maturity (in months)	233

The Scheduled Principal Balances of the Mortgage Loans range from \$20.88 to \$278,461.36. The Pool 2 Mortgage Loans have an average Scheduled Principal Balance of approximately \$58,457.66.

No more than approximately 7.28% of the Pool 2 Mortgage Loans are secured by Mortgaged Properties located in any one zip code area.

The following tables set forth, as of the Cut-off Date, the number, aggregate Scheduled Principal Balance and percentage of the Pool 2 Mortgage Loans (by reference to Subgroups where relevant to investors in the Senior Certificates) having the stated characteristics shown in the tables in each range. *The sum of the amounts of the aggregate Scheduled Principal Balances and the percentages in the following tables may not equal the totals due to rounding.*

Original Loan-to-Value Ratios – Pool 2

<u>Range of Original Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.001 - 10.000.....	7	\$ 295,374.70	0.14%
10.001 - 20.000.....	6	105,783.14	0.05
20.001 - 30.000.....	20	403,510.77	0.19
30.001 - 40.000.....	55	1,686,727.09	0.80
40.001 - 50.000.....	110	4,422,069.99	2.09
50.001 - 60.000.....	146	7,268,790.91	3.44
60.001 - 70.000.....	262	14,732,889.65	6.97
70.001 - 80.000.....	1,498	92,799,178.39	43.93
80.001 - 90.000.....	648	40,287,791.77	19.07
90.001 - 100.000.....	724	39,492,651.26	18.69
100.001 +	<u>138</u>	<u>9,771,208.65</u>	<u>4.63</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

The weighted average original Loan-to-Value Ratio is approximately 81.23%.

Current Loan-to-Value Ratios – Pool 2

<u>Range of Current Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.001 - 10.000.....	58	\$ 504,785.97	0.24%
10.001 - 20.000.....	87	892,900.54	0.42
20.001 - 30.000.....	151	2,822,574.28	1.34
30.001 - 40.000.....	243	7,565,832.88	3.58
40.001 - 50.000.....	288	10,456,318.85	4.95
50.001 - 60.000.....	476	22,008,146.55	10.42
60.001 - 70.000.....	855	57,855,370.28	27.39
70.001 - 80.000.....	1,030	76,939,488.71	36.42
80.001 - 90.000.....	259	18,071,957.37	8.55
90.001 - 100.000.....	<u>167</u>	<u>14,148,600.89</u>	<u>6.70</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

The weighted average Current Loan-to-Value Ratio is approximately 68.67%.

Original Terms to Maturity – Pool 2

<u>Range of Maturities (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
97 – 120.....	12	\$ 266,714.68	0.13%
121 - 144	2	154,434.61	0.07
145 – 168.....	4	53,810.03	0.03
169 – 192.....	135	2,184,626.63	1.03
193 – 216.....	5	146,033.07	0.07
217 – 240.....	231	4,410,074.30	2.09
241 – 264.....	15	277,033.15	0.13
265 – 288.....	48	1,003,811.81	0.48
289 – 312.....	221	7,109,522.29	3.37
313 – 336.....	13	579,958.11	0.27
337 – 360.....	2,889	193,612,795.71	91.64
361 +	<u>39</u>	<u>1,467,161.92</u>	<u>0.69</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

The weighted average original term to maturity is approximately 353 months.

Remaining Terms to Maturity – Pool 2

<u>Range of Maturities (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown.....	1	\$ 11,330.64	0.01%
0 – 12	24	45,780.41	0.02
13 – 24	27	390,224.46	0.18
25 – 36	37	371,881.33	0.18
37 – 48	42	612,245.86	0.29
49 – 60	79	1,147,676.47	0.54
61 – 72	65	1,156,935.77	0.55
73 – 84	66	1,130,270.52	0.53
85 – 96	58	1,334,280.34	0.63
97 – 108.....	37	792,190.53	0.37
109 - 120	49	1,083,778.10	0.51
121 – 132.....	54	1,329,515.65	0.63
133 – 144.....	97	2,162,847.53	1.02
145 – 156.....	113	3,634,555.56	1.72
157 – 168.....	72	2,387,482.84	1.13
169 – 180.....	137	5,945,403.01	2.81
181 – 192.....	389	17,032,457.55	8.06
193 – 204.....	267	14,777,834.92	6.99
205 – 216.....	216	13,935,613.38	6.60
217 – 228.....	392	32,216,102.22	15.25
229 – 240.....	447	34,511,850.90	16.34
241 – 252.....	305	27,200,683.85	12.88
253 – 264.....	113	7,740,282.68	3.66
265 – 276.....	42	3,019,889.81	1.43
277 – 288.....	14	742,523.52	0.35
289 – 300.....	45	2,675,748.06	1.27
301 – 312.....	60	3,561,448.93	1.69
313 – 324.....	60	4,347,041.08	2.06
325 – 336.....	103	7,774,706.82	3.68
337 – 348.....	201	17,976,048.63	8.51
361 +	<u>2</u>	<u>217,344.94</u>	<u>0.10</u>

Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>
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The weighted average remaining term to maturity is approximately 233 months.

Geographic Distribution – Pool 2

<u>State</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Alabama	25	\$ 1,290,075.61	0.61%
Arizona	39	1,939,556.24	0.92
Arkansas	24	738,127.59	0.35
California	403	37,025,137.43	17.53
Colorado	7	693,598.41	0.33
Connecticut	7	772,815.68	0.37
District of Columbia	14	1,270,224.93	0.60
Florida	204	10,025,217.12	4.75
Georgia	26	1,796,387.76	0.85
Illinois	70	3,149,370.08	1.49
Indiana	8	574,637.22	0.27
Iowa	156	3,073,520.13	1.45
Kansas	16	471,398.48	0.22
Kentucky	53	1,725,043.02	0.82
Louisiana	102	4,670,795.96	2.21
Maine	4	169,154.32	0.08
Maryland	49	3,472,709.28	1.64
Massachusetts	41	3,789,962.27	1.79
Michigan	141	3,687,742.35	1.75
Minnesota	15	762,473.79	0.36
Mississippi	39	2,239,314.96	1.06
Missouri	42	1,991,662.31	0.94
Nebraska	8	237,864.03	0.11
Nevada	3	215,541.72	0.10
New Hampshire	4	285,022.33	0.13
New Jersey	608	49,636,111.13	23.49
New Mexico	8	656,147.67	0.31
New York	232	13,004,823.15	6.16
North Carolina	28	1,219,746.74	0.58
Ohio	114	3,007,701.25	1.42
Oklahoma	208	7,090,272.19	3.36
Oregon	2	141,094.24	0.07
Pennsylvania	93	5,697,094.48	2.70
Rhode Island	2	150,240.60	0.07
South Carolina	29	1,660,604.59	0.79
South Dakota	2	67,976.52	0.03
Tennessee	285	20,558,939.90	9.73
Texas	427	17,260,918.22	8.17
Utah	4	180,954.40	0.09
Vermont	1	44,763.92	0.02
Virginia	61	4,271,176.91	2.02
Washington	6	402,209.59	0.19
Wisconsin	2	71,989.25	0.03
Wyoming	2	75,858.54	0.04
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Scheduled Principal Balances– Pool 2

<u>Range of Scheduled Principal Balances (\$)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
0.01 - 50,000.00.....	1,776	\$ 47,694,719.31	22.58%
50,000.01 - 100,000.00	1,354	99,831,317.64	47.25
100,000.01 - 150,000.00	365	42,550,113.48	20.14
150,000.01 - 200,000.00	107	18,562,726.23	8.79
200,000.01 - 250,000.00	10	2,074,276.29	0.98
250,000.01 - 300,000.00	<u>2</u>	<u>552,823.36</u>	<u>0.26</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

The average Cut-off Date Scheduled Principal Balance is approximately \$58,458.

Property Type– Pool 2

<u>Property Type</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Single Family.....	2,343	\$ 125,613,493.71	59.46%
Condominium	1,003	71,138,808.85	33.67
Cooperative.....	179	8,375,692.52	3.96
Two- to Four- Family	82	5,777,119.87	2.73
BLANKET.....	5	251,412.31	0.12
Townhouse	<u>2</u>	<u>109,449.05</u>	<u>0.05</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Loan Purpose– Pool 2

<u>Loan Purposes</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Purchase	3,011	\$ 178,054,214.44	84.28%
Refinance.....	601	33,079,701.09	15.66
Construction/Perm	1	87,188.57	0.04
Loan To Facilitate	<u>1</u>	<u>44,872.21</u>	<u>0.02</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Occupancy Status – Pool 2

<u>Occupancy Status</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Primary Home.....	2,633	\$ 149,122,741.02	70.59%
Investment	706	49,705,006.01	23.53
Second Home.....	<u>275</u>	<u>12,438,229.28</u>	<u>5.89</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Servicers – Pool 2

<u>Servicer</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Atlantic	1	\$ 29,175.26	0.01%
Aurora	2,799	146,063,318.11	69.14
Norwest	1	161,076.05	0.08
Source One	166	15,386,114.73	7.28
WMBFA	<u>647</u>	<u>49,626,292.16</u>	<u>23.49</u>
Total:	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Loan Documentation – Pool 2

<u>Loan Documentation</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Full Documentation	3,582	\$ 208,706,318.30	98.79%
Limited Documentation	24	1,907,580.98	0.90
No Documentation	<u>8</u>	<u>652,077.03</u>	<u>0.31</u>
Total	<u>3,614</u>	<u>\$211,265,976.31</u>	<u>100.00%</u>

Current Mortgage Rates – Subgroup 2-A

<u>Range of Current Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
5.001 - 5.500	3	\$ 143,987.81	0.11%
5.501 - 6.000	13	667,212.54	0.53
6.001 - 6.500	17	744,540.70	0.59
6.501 - 7.000	100	6,505,907.41	5.18
7.001 - 7.500	204	12,324,240.45	9.82
7.501 - 8.000	533	34,981,252.47	27.87
8.001 - 8.500	912	60,211,800.54	47.97
8.501 - 9.000	155	8,480,356.70	6.76
9.001 - 9.500	36	1,209,445.28	0.96
9.501 - 10.000	4	93,607.10	0.07
10.001 - 10.500	2	65,042.51	0.05
10.501 - 11.000	3	66,544.01	0.05
11.001 - 11.500	<u>1</u>	<u>22,060.98</u>	<u>0.02</u>
Total:	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

The weighted average Current Mortgage Rate is approximately 8.011%.

Current Mortgage Rates – Subgroup 2-B

<u>Range of Current Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
5.001 - 5.500.....	5	\$ 244,401.21	0.29%
5.501 - 6.000.....	31	1,113,867.03	1.30
6.001 - 6.500.....	77	2,413,172.97	2.81
6.501 - 7.000.....	197	8,000,064.59	9.33
7.001 - 7.500.....	304	17,136,133.49	19.98
7.501 - 8.000.....	338	14,939,569.80	17.42
8.001 - 8.500.....	178	9,936,984.98	11.59
8.501 - 9.000.....	311	21,255,680.03	24.79
9.001 - 9.500.....	113	7,299,808.29	8.51
9.501 - 10.000.....	29	1,424,913.59	1.66
10.001 - 10.500.....	20	1,321,102.05	1.54
10.501 - 11.000.....	7	91,698.83	0.11
11.001 - 11.500.....	3	57,982.23	0.07
11.501 - 12.000.....	5	122,065.58	0.14
12.001 - 12.500.....	3	105,797.53	0.12
12.501 - 13.000.....	3	19,387.16	0.02
13.001 - 13.500.....	4	209,430.55	0.24
14.001 - 14.500.....	1	20,483.80	0.02
14.501 - 15.000.....	<u>2</u>	<u>37,434.10</u>	<u>0.04</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

The weighted average Current Mortgage Rate is approximately 8.128%.

Maximum Rates—Subgroup 2-A

<u>Range of Maximum Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown	198	\$ 7,321,684.57	5.83%
9.001 - 9.500.....	3	209,438.06	0.17
9.501 - 10.000.....	3	157,090.09	0.13
10.001 - 10.500.....	40	2,107,065.52	1.68
10.501 - 11.000.....	45	4,783,131.49	3.81
11.001 - 11.500.....	111	7,104,683.09	5.66
11.501 - 12.000.....	74	5,449,233.74	4.34
12.001 - 12.500.....	32	2,443,420.86	1.95
12.501 - 13.000.....	142	10,281,240.96	8.19
13.001 - 13.500.....	249	18,511,022.16	14.75
13.501 - 14.000.....	253	18,850,507.88	15.02
14.001 - 14.500.....	165	11,147,694.15	8.88
14.501 - 15.000.....	167	10,120,436.20	8.06
15.001 - 15.500.....	131	8,307,461.17	6.62
15.501 - 16.000.....	147	8,589,216.32	6.84
16.001 - 16.500.....	73	3,706,693.11	2.95
16.501 - 17.000.....	67	2,904,974.96	2.31
17.001 - 17.500.....	30	1,189,917.34	0.95
17.501 - 18.000.....	18	702,227.62	0.56
18.001 - 18.500.....	10	297,221.13	0.24
18.501 - 19.000.....	3	123,769.41	0.10
19.001 - 19.500.....	2	24,298.72	0.02
20.001 - 20.500.....	1	3,928.31	0.00
20.501 - 21.000.....	3	264,109.42	0.21
21.001 - 21.500.....	1	89,693.12	0.07
21.501 - 22.000.....	1	7,935.35	0.01
22.001 - 22.500.....	3	127,636.40	0.10
22.501 - 23.000.....	5	320,669.74	0.26
23.501 - 24.000.....	1	76,082.75	0.06
24.001 - 24.500.....	1	98,684.67	0.08
24.501 - 25.000.....	4	194,830.19	0.16
Total:	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

The weighted average Maximum Rate is approximately 13.94%.

Maximum Rates—Subgroup 2-B

<u>Range of Maximum Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown	406	\$ 11,322,295.85	13.20%
8.501 - 9.000.....	17	89,577.66	0.10
9.001 - 9.500.....	3	209,248.04	0.24
11.001 - 11.500	7	300,394.42	0.35
11.501 - 12.000	5	575,807.08	0.67
12.001 - 12.500	8	515,973.24	0.60
12.501 - 13.000	55	5,111,500.06	5.96
13.001 - 13.500	67	6,234,666.84	7.27
13.501 - 14.000	311	24,525,105.25	28.60
14.001 - 14.500	148	9,822,504.59	11.45
14.501 - 15.000	137	8,331,161.97	9.72
15.001 - 15.500	53	2,822,605.99	3.29
15.501 - 16.000	107	3,552,768.70	4.14
16.001 - 16.500	41	2,400,010.73	2.80
16.501 - 17.000	44	2,145,891.28	2.50
17.001 - 17.500	40	1,283,823.13	1.50
17.501 - 18.000	85	3,485,469.14	4.06
18.001 - 18.500	35	1,297,832.98	1.51
18.501 - 19.000	31	862,414.39	1.01
19.001 - 19.500	13	336,089.64	0.39
19.501 - 20.000	4	103,333.14	0.12
20.001 - 20.500	2	65,945.40	0.08
20.501 - 21.000	5	68,695.33	0.08
21.001 - 21.500	3	117,181.12	0.14
21.501 - 22.000	1	56,189.74	0.07
22.001 - 22.500	1	9,888.97	0.01
23.501 - 24.000	1	94,513.06	0.11
26.001 +	<u>1</u>	<u>9,090.07</u>	<u>0.01</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

The weighted average Maximum Rate is approximately 14.69%.

Minimum Rates—Subgroup 2-A

<u>Range of Minimum Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown.....	60	\$ 1,565,834.62	1.25%
0.001 - 0.500.....	13	1,269,067.67	1.01
0.501 - 1.000.....	28	2,373,418.15	1.89
1.001 - 1.500.....	66	5,152,320.23	4.10
1.501 - 2.000.....	97	6,315,960.84	5.03
2.001 - 2.500.....	201	10,982,292.07	8.75
2.501 - 3.000.....	1,005	69,783,858.67	55.60
3.001 - 3.500.....	239	14,010,203.69	11.16
3.501 - 4.000.....	75	3,545,795.02	2.82
4.001 - 4.500.....	33	1,440,047.59	1.15
4.501 - 5.000.....	19	1,137,580.65	0.91
5.001 - 5.500.....	34	1,665,545.00	1.33
5.501 - 6.000.....	27	1,425,793.09	1.14
6.001 - 6.500.....	17	673,521.13	0.54
6.501 - 7.000.....	16	971,213.54	0.77
7.001 - 7.500.....	13	776,639.36	0.62
7.501 - 8.000.....	4	248,360.92	0.20
8.001 - 8.500.....	13	953,804.99	0.76
8.501 - 9.000.....	16	990,460.01	0.79
9.001 - 9.500.....	2	61,067.11	0.05
9.501 - 10.000.....	2	63,675.49	0.05
10.001 - 10.500.....	1	48,168.07	0.04
10.501 - 11.000.....	<u>2</u>	<u>61,370.59</u>	<u>0.05</u>
Total:.....	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

The weighted average Minimum Rate is approximately 3.02%.

Minimum Rates—Subgroup 2-B

<u>Range of Minimum Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown.....	373	\$ 9,717,842.29	11.33%
0.001 - 0.500.....	3	98,151.40	0.11
0.501 - 1.000.....	12	468,488.35	0.55
1.001 - 1.500.....	4	289,280.06	0.34
1.501 - 2.000.....	48	2,855,954.26	3.33
2.001 - 2.500.....	246	15,936,352.19	18.58
2.501 - 3.000.....	241	17,084,832.39	19.92
3.001 - 3.500.....	240	18,050,372.98	21.05
3.501 - 4.000.....	43	1,791,791.64	2.09
4.001 - 4.500.....	30	1,310,837.18	1.53
4.501 - 5.000.....	66	2,799,507.23	3.26
5.001 - 5.500.....	18	830,952.96	0.97
5.501 - 6.000.....	28	1,074,774.77	1.25
6.001 - 6.500.....	27	1,153,716.49	1.35
6.501 - 7.000.....	41	4,134,277.16	4.82
7.001 - 7.500.....	28	750,578.81	0.88
7.501 - 8.000.....	73	3,014,429.44	3.52
8.001 - 8.500.....	18	748,977.14	0.87
8.501 - 9.000.....	31	1,008,683.28	1.18
9.001 - 9.500.....	17	647,234.61	0.75
9.501 - 10.000.....	12	689,310.95	0.80
10.001 - 10.500.....	10	702,761.59	0.82
10.501 - 11.000.....	5	68,695.33	0.08
11.001 - 11.500.....	3	101,625.92	0.12
11.501 - 12.000.....	4	102,775.30	0.12
12.001 - 12.500.....	2	83,703.08	0.10
12.501 - 13.000.....	3	19,387.16	0.02
13.001 - 13.500.....	3	157,124.43	0.18
14.001 - 14.500.....	1	20,483.80	0.02
14.501 - 15.000.....	<u>1</u>	<u>37,075.62</u>	<u>0.04</u>
Total:.....	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

The weighted average Minimum Rate is approximately 3.928%.

Periodic Rate Caps—Subgroup 2-A

<u>Periodic Caps (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown.....	61	\$ 2,998,965.03	2.39%
0.001 - 1.000.....	414	28,336,911.70	22.58
1.001 - 2.000.....	1,500	93,642,146.61	74.61
2.001 - 3.000.....	<u>8</u>	<u>537,975.16</u>	<u>0.43</u>
Total:.....	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

The weighted average Periodic Cap is approximately 1.77%.

Periodic Rate Caps—Subgroup 2-B

<u>Periodic Caps (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
Unknown	433	\$ 18,054,787.32	21.06%
0.001 - 1.000.....	289	23,378,945.57	27.26
1.001 - 2.000.....	870	42,581,353.36	49.66
2.001 - 3.000.....	<u>39</u>	<u>1,734,891.56</u>	<u>2.02</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

The weighted average Periodic Cap is approximately 1.64%.

Payment Adjustment Frequency—Subgroup 2-A

<u>Payment Adjustment Frequency (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
6	5	\$ 663,978.09	0.53%
12	1,969	124,518,135.92	99.20
24	2	49,199.99	0.04
36	6	240,497.68	0.19
152	<u>1</u>	<u>44,186.82</u>	<u>0.04</u>
Total:	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

Payment Adjustment Frequency—Subgroup 2-B

<u>Payment Adjustment Frequency (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
1	2	\$ 263,946.17	0.31%
3	35	452,812.00	0.53
6	264	23,817,593.67	27.78
12	655	27,428,968.74	31.99
18	3	125,220.74	0.15
24	19	598,225.50	0.70
30	2	121,051.07	0.14
36	573	30,188,867.34	35.21
60	68	2,390,897.94	2.79
72	2	35,105.94	0.04
84	1	110,462.17	0.13
120	2	45,353.98	0.05
121	1	35,674.98	0.04
180	3	67,641.59	0.08
181	<u>1</u>	<u>68,155.98</u>	<u>0.08</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

Next Rate Adjustment Date—Subgroup 2-A

<u>Next Rate Adjustment Date</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
1998-12	80	\$ 5,531,241.96	4.41%
1999-01	131	8,490,323.48	6.76
1999-02	234	16,038,812.50	12.78
1999-03	76	4,282,921.91	3.41
1999-04	142	7,518,117.82	5.99
1999-05	160	10,763,839.04	8.58
1999-06	122	6,820,565.98	5.43
1999-07	137	8,879,829.03	7.07
1999-08	233	14,798,003.20	11.79
1999-09	139	8,682,145.26	6.92
1999-10	179	9,862,320.73	7.86
1999-11	291	20,506,240.02	16.34
1999-12	46	2,674,734.11	2.13
2000-01	2	61,972.31	0.05
2000-05	1	42,860.91	0.03
2000-07	1	38,861.63	0.03
2001-04	1	30,236.53	0.02
2001-08	1	10,760.77	0.01
2001-09	1	85,737.09	0.07
2002-08	1	47,396.00	0.04
2002-09	1	37,191.82	0.03
2002-10	2	228,561.85	0.18
2003-09	2	83,324.56	0.07
Total:	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

Next Rate Adjustment Date —Subgroup 2-B

<u>Next Rate Adjustment Date</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
1998-12	79	\$ 6,084,995.95	7.10%
1999-01	285	23,634,400.44	27.56
1999-02	125	4,472,521.68	5.22
1999-03	82	4,427,417.85	5.16
1999-04	165	5,972,644.69	6.97
1999-05	113	4,239,271.98	4.94
1999-06	67	3,278,286.01	3.82
1999-07	51	2,918,469.55	3.40
1999-08	65	3,465,114.28	4.04
1999-09	52	2,137,125.19	2.49
1999-10	149	4,743,790.87	5.53
1999-11	54	2,750,225.80	3.21
1999-12	71	3,339,685.81	3.89
2000-01	12	517,849.06	0.60
2000-02	18	782,708.04	0.91
2000-03	1	116,307.25	0.14
2000-04	16	924,498.35	1.08
2000-05	9	650,317.40	0.76
2000-06	14	975,324.24	1.14
2000-07	9	289,740.08	0.34
2000-08	8	391,266.78	0.46
2000-09	5	287,304.29	0.34
2000-10	7	257,374.15	0.30
2000-11	7	296,273.74	0.35
2000-12	2	135,416.95	0.16
2001-01	6	251,736.54	0.29
2001-02	1	95,814.21	0.11
2001-03	1	51,403.75	0.06
2001-04	4	79,554.17	0.09
2001-05	6	390,550.22	0.46
2001-06	5	264,073.63	0.31
2001-07	9	595,533.61	0.69
2001-08	9	490,090.41	0.57
2001-09	14	846,254.18	0.99
2001-10	33	1,704,749.45	1.99
2001-11	37	2,302,655.89	2.69
2001-12	9	419,057.28	0.49
2002-02	1	41,314.93	0.05
2002-06	4	135,787.14	0.16
2002-11	2	143,026.50	0.17
2002-12	1	25,573.24	0.03
2003-01	1	60,849.77	0.07
2003-04	4	185,781.93	0.22
2003-06	2	58,908.48	0.07
2003-07	2	66,535.29	0.08
2003-08	1	42,558.37	0.05
2003-09	2	106,176.17	0.12
2003-10	10	239,657.86	0.28
2003-12	1	64,004.36	0.07
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

Rate Adjustment Frequency—Subgroup 2-A

<u>Rate Adjustment Frequency (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
3	1	\$ 22,191.99	0.02%
6	6	686,039.07	0.55
12	1,968	124,496,074.94	99.19
24	1	27,008.00	0.02
36	6	240,497.68	0.19
159	<u>1</u>	<u>44,186.82</u>	<u>0.04</u>
Total:	<u>1,983</u>	<u>\$125,515,998.50</u>	<u>100.00%</u>

Rate Adjustment Frequency—Subgroup 2-B

<u>Rate Adjustment Frequency (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
1	40	\$ 5,096,402.37	5.94%
3	59	2,559,376.30	2.98
6	295	23,594,217.57	27.52
12	589	21,533,419.64	25.11
18	3	125,220.74	0.15
24	17	526,960.42	0.61
30	2	121,051.07	0.14
36	566	29,896,245.13	34.86
60	57	2,151,516.46	2.51
72	2	35,105.94	0.04
84	<u>1</u>	<u>110,462.17</u>	<u>0.13</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

Mortgage Loan Indices—Subgroup 2-B

<u>Indices (*)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>
CMT (other than one year)	508	\$ 30,161,248.51	35.17%
COFI	401	21,802,449.17	25.43
FHLBB	484	13,827,562.45	16.13
LIBOR	199	18,725,571.54	21.84
PRIME	<u>39</u>	<u>1,233,146.14</u>	<u>1.44</u>
Total:	<u>1,631</u>	<u>\$85,749,977.81</u>	<u>100.00%</u>

(*) Certain of the indices identified in this table represent compilations of similar indices.

Pool 2 Mortgage Loan Indices

The CMT Index. The Index used in the determination of the interest rate for approximately 60% of the Pool 2 Mortgage Loans will generally be based on the weekly average yield, expressed as a per

annum rate, on U.S. Treasury securities adjusted to a constant maturity of one year, as published by the Federal Reserve Board (the "One Year CMT Index") as of a date specified in the related Mortgage Note. Approximately 12.5% of the Pool 2 Mortgage Loans adjust their interest rate based upon a "Three Year CMT Index" determined in the same manner as above for the One Year CMT Index, but with yield determined based on Treasury securities adjusted to a constant maturity of three years.

The COFI Index. The Index used in the determination of the interest rate for approximately 10.32% of the Pool 2 Mortgage Loans will be the Eleventh District Cost of Funds ("COFI") Index. The COFI Index represents the monthly weighted average cost of funds of savings associations and savings banks in Arizona, California and Nevada (*i.e.*, The Eleventh District of the Federal Home Loan Bank ("FHLB") System) that are members of the FHLB of San Francisco. Such values are published by the FHLB of San Francisco in the month in which they are determined and represent the weighted average cost of funds borne by such member institutions in the previous month.

Other Indices. The determination of the interest rate for the remainder of the Pool 2 Mortgage Loans will be based on various indices, including, but not limited to the FHLBB Contract Rate, various Prime Rate indices, Six-Month LIBOR, Three-Month LIBOR and various other COFI indices. See the Pool 2 Mortgage Loan Indices Table at "DESCRIPTION OF THE MORTGAGE POOLS" for a listing of the various indices applicable to the Pool 2 Mortgage Loans.

THE MASTER SERVICER

The information set forth in this section regarding Norwest Bank Minnesota, National Association ("Norwest" or the "Master Servicer") has been provided by Norwest, and none of the Seller, the Depositor, the Trustee, Lehman Brothers Inc., the Servicers (other than Norwest) or any of their respective affiliates make any representations or warranties as to the accuracy or completeness of such information.

Norwest is a national banking association, with executive offices located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479 and its master servicing offices located at 11000 Broken Land Parkway, Columbia, Maryland 21044.

The Servicers will directly service the Mortgage Loans under the supervision of the Master Servicer. The Master Servicer will not be ultimately responsible for the servicing of the Mortgage Loans except to the extent described under "SERVICING OF THE MORTGAGE LOANS" herein.

The Master Servicer is engaged in the business of master servicing single family residential mortgage loans secured by properties located in all 50 states and the District of Columbia. As of October, 1998, the Master Servicer master serviced more than 460,000 mortgage loans with an aggregate outstanding principal balance of approximately \$50 billion.

THE SERVICERS

General

The Pool 1 Mortgage Loans will initially be serviced by Aurora Loan Services Inc. ("Aurora") (in the case of approximately 93.0% of such Mortgage Loans), Norwest (in the case of approximately 5.0% of such Mortgage Loans), Atlantic Mortgage Investment Corporation ("Atlantic") (in the case of

approximately 2.6% of such Mortgage Loans) and Washington Mutual Bank, F.A. ("WMBFA ") (in the case of approximately 0.4% of such Mortgage Loans).

The Pool 2 Mortgage Loans will initially be serviced by Aurora (in the case of approximately 69.14% of such Mortgage Loans), WMBFA (in the case of approximately 23.49% of such Mortgage Loans), Source One Mortgage Investment Corporation (in the case of approximately 7.28% of such Mortgage Loans), Norwest (in the case of approximately 0.08% of such Mortgage Loans) and Atlantic (in the case of 0.01% of such Mortgage Loans).

Aurora

The information set forth in this section regarding Aurora has been provided by Aurora, and none of the Seller, the Depositor, the Trustee, Lehman Brothers Inc., the Master Servicer, the other Servicers or any of their respective affiliates make any representations or warranties as to the accuracy or completeness of such information.

Aurora, an affiliate of Lehman Brothers Holdings Inc., began operation as a servicer of residential mortgage loans in August 1997 following the acquisition of substantially all of the assets and a majority of the management and employees of Harbourton Financial Services L.P. ("Harbourton"). Prior to such acquisition, Harbourton liquidated a substantial portion of its servicing portfolio, generally retaining loans with higher rates of delinquency.

Aurora's executive offices are located at 2530 South Parker Road, Suite 601, Aurora, Colorado 80014 and its centralized real estate loan servicing facility is located at 601 Fifth Avenue, Scottsbluff, Nebraska 69361. Aurora has been approved to service mortgage loans for the Government National Mortgage Association ("GNMA"), FNMA, and FHLMC.

As of June 30, 1998, Aurora's total loan servicing and subservicing portfolio included loans with an aggregate outstanding principal balance of approximately \$4.3 billion, of which the substantial majority are subserviced for Lehman Brothers Holdings Inc. The following table sets forth certain information regarding the delinquency and foreclosure experience of Aurora and Harbourton with respect to conventional mortgage loans. The indicated periods of delinquency are based on the number of days past due on a contractual basis.

Delinquencies and Foreclosures (Dollars in Millions)

	As of December 31,				As of August 31,
	1994	1995	1996	1997(3)	1998(3)
Total mortgage loans.....	\$ 1,061	\$ 1,625	\$ 1,765	\$ 1,203	\$ 1,059
Percentage of mortgage loans delinquent by period of delinquency(1)(2)					
30 to 59 days	1.93%	2.26%	1.92%	3.21%	3.17%
60 to 89 days	0.40	0.46	0.45	0.73	0.59
90 days or more	<u>0.35</u>	<u>0.24</u>	<u>0.25</u>	<u>0.28</u>	<u>0.24</u>
Total percentage of mortgage loans delinquent(1)(2)	2.68%	2.96%	2.62%	4.22%	4.00%
In foreclosure (excluding bankruptcies)	0.50	0.99	1.16	1.99	1.44
In bankruptcy	<u>0.57</u>	<u>0.36</u>	<u>0.47</u>	<u>0.78</u>	<u>0.85</u>
Total(2).....	3.75%	4.31%	4.25%	6.99%	6.29%

(1) Delinquency information is for conventional loans only, excluding bankruptcies.

(2) Percentages are based on the number of mortgage loans.

(3) Total Mortgage Loans and Delinquency percentages exclude sub-prime loans.

The above delinquency and foreclosure statistics represent the recent experience of Aurora. The loans in Aurora's servicing portfolio may differ significantly from the Mortgage Loans included in either Mortgage Pool. The actual loss and delinquency experience of either Mortgage Pool will depend, among other things, on the value of the related mortgaged properties securing such Mortgage Loans and the ability of mortgagors to make required payments. There can be no assurance, and no representation is made, that the delinquency experience with respect to either Mortgage Pool will be similar to that reflected in the tables above, nor is any representation made as to the rate at which losses may be experienced on liquidation of defaulted Mortgage Loans.

The likelihood that mortgagors will become delinquent in the payment of their mortgage loans and the rate of any subsequent foreclosures may be affected by a number of factors related to borrowers' personal circumstances, including, for example, unemployment or change in employment (or in the case of self-employed mortgagors or mortgagors relying on commission income, fluctuations in income), marital separation and a mortgagor's equity in the related mortgaged property. In addition, delinquency and foreclosure experience may be sensitive to adverse economic conditions, either nationally or regionally, may exhibit seasonal variations and may be influenced by the level of interest rates and servicing decisions on the applicable mortgage loans. Regional economic conditions (including declining real estate values) may particularly affect delinquency and foreclosure experience on mortgage loans to the extent that mortgaged properties are concentrated in certain geographic areas.

Washington Mutual

The information set forth in this section regarding WMBFA has been provided by WMBFA, and none of the Seller, the Depositor, the Trustee, the Master Servicer, Lehman Brothers, Inc., the other Servicers (other than WMBFA) or any of their respective affiliates make any representations or warranties as to the accuracy or completeness of such information.

WMBFA is a federally-chartered thrift institution, and one of its principal businesses is residential mortgage lending. WMBFA is a wholly-owned indirect subsidiary of Washington Mutual, Inc., a publicly traded savings and loan holding company incorporated under the laws of the State of Washington ("WAMU"). All of the common stock of WMBFA is owned by New American Capital, Inc., a Delaware corporation, which is a wholly-owned subsidiary of WAMU. WMBFA's principal administrative office is located at 1201 Third Avenue in Seattle, Washington (telephone number (206) 461-2000).

The following delinquency table sets forth certain information concerning the delinquency experience on one-to-four family conventional residential mortgage loans serviced by WMBFA:

Delinquency Statistics of the Servicer (in \$000's)

<u>As of</u>	<u>Total Portfolio</u>	<u>30-59 Days</u>		<u>60-89 Days</u>		<u>90+ Days</u>	
		<u>Portfolio</u>	<u>Percent</u>	<u>Portfolio</u>	<u>Percent</u>	<u>Portfolio</u>	<u>Percent</u>
December 31, 1995	\$43,992,765	\$ 236,969	0.54%	\$124,592	0.28%	\$548,000	1.25%
December 31, 1996	\$48,992,541	\$ 336,208	0.69%	\$136,395	0.28%	\$395,681	0.81%

December 31, 1997	\$42,342,477	\$298,641	0.71%	\$117,441	0.28%	\$414,321	0.98%
September 30, 1998	\$45,113,942	\$402,896	0.89%	\$132,487	0.29%	\$422,562	0.94%

For the same reasons discussed above under "Aurora", the information in the foregoing table will most likely not reflect the actual delinquency experience of the Mortgage Loans in either Mortgage Pool.

SERVICING OF THE MORTGAGE LOANS

General

The Mortgage Loans included in each Mortgage Pool will be serviced by the Servicers specified at "THE SERVICERS" under the supervision of the Master Servicer in accordance with the provisions of the applicable servicing agreements (each, a "Servicing Agreement") and the Trust Agreement. The Servicers are referred to together herein, unless the context requires otherwise, as the "Servicers."

The Master Servicer will not be ultimately responsible for the performance of the servicing activities by the Servicers, except as described under "— Prepayment Interest Shortfalls" and "— Advances" below. If a Servicer fails to fulfill its obligations under the applicable Servicing Agreement, the Master Servicer is obligated to terminate such Servicer and appoint a successor servicer as provided in the Trust Agreement.

Lehman Capital will retain ownership of the servicing rights with respect to the Mortgage Loans serviced by Aurora and may transfer such servicing to one or more successors at any time, subject to the conditions set forth in the Trust Agreement, including the requirements that any such successor servicer be qualified to service mortgage loans for Fannie Mae or FHLMC and that the Rating Agency confirm in writing that such transfer of servicing will not result in a qualification, withdrawal or downgrade of the then-current ratings of the Offered Certificates.

Servicing Compensation and Payment of Expenses

Each Servicer will be paid a monthly fee (a "Servicing Fee") with respect to each Mortgage Loan serviced by it ranging from 0.25% to 0.40% per annum (or a weighted average rate of 0.258%) for Pool 1 Mortgage Loans (the "Pool 1 Servicing Fee Rate") and 0.375% to 0.525% per annum (or a weighted average rate of 0.375%) for Pool 2 Mortgage Loans (the "Pool 2 Servicing Fee Rate") on the outstanding principal balance of each Mortgage Loan in the relevant Pool. Each Servicer will also be entitled to receive, to the extent provided in the applicable Servicing Agreement, additional compensation, in the form of any interest or other income earned on funds it has deposited in a custodial account pending remittance to the Master Servicer, as well as certain customary fees and charges paid by borrowers (other than prepayment premiums).

As compensation, the Master Servicer is entitled to a fee equal to the product of 0.0025% per annum and the Scheduled Principal Balance of each Mortgage Loan as of the first day of the related Due Period. In addition, the Master Servicer is entitled to receive all investment income from investment of funds in the Collection Account and the Certificate Account.

The aggregate compensation of the Master Servicer and the Servicing Fee of each Servicer are subject to reduction as described below under "— Prepayment Interest Shortfalls." The Master Servicer

and each Servicer will be entitled to reimbursement for certain expenses prior to distribution of any amounts to Certificateholders.

Prepayment Interest Shortfalls

When a borrower prepays a Mortgage Loan in full or in part between Scheduled Payment dates, the borrower pays interest on the amount prepaid only from the last Scheduled Payment date to the date of prepayment (or to the first day of the applicable month, in the case of certain prepayments in part), with a resulting reduction in interest payable for the month during which the prepayment is made. Any Prepayment Interest Shortfall resulting from a prepayment in full, or in part, is generally required to be paid by the applicable Servicer, but only to the extent that such amount does not exceed the aggregate of the Servicing Fees on the Mortgage Loans in the related Mortgage Pools serviced by it for the applicable Distribution Date.

Any Prepayment Interest Shortfall required to be funded but not funded by the applicable Servicer is required to be paid by the Master Servicer, to the extent that such amount does not exceed the Aggregate Master Servicing Compensation for the related Mortgage Pools for the applicable Distribution Date, through a reduction in the amount of such compensation.

Advances

Each Servicer will generally be obligated to make Advances with respect to delinquent payments of principal of and interest on the Mortgage Loans, adjusted to the related interest rate, less the applicable Servicing Fee Rate, to the extent that such Advances, in its judgment, are reasonably recoverable from future payments and collections, insurance payments or proceeds of liquidation of a Mortgage Loan. The Master Servicer will be obligated to make any such Advances if the applicable Servicer fails in its obligation to do so to the extent provided in the Trust Agreement. The Master Servicer, the applicable Servicer or the Trustee, as applicable, will be entitled to recover any Advances made by it with respect to a Mortgage Loan out of late payments thereon or out of related liquidation proceeds and insurance proceeds or, if such amounts are insufficient, from collections on other Mortgage Loans. Such reimbursements may result in Realized Losses.

The purpose of making such Advances is to maintain a regular cash flow to the Certificateholders, rather than to guarantee or insure against losses. No party will be required to make any Advances with respect to balloon payments or reductions in the amount of the monthly payments on Mortgage Loans due to reductions made by a bankruptcy court in the amount of a Scheduled Payment owed by a mortgagor or a reduction of the applicable interest rate by application of the Soldiers' and Sailors' Relief Act of 1940, as amended.

Collection of Taxes, Assessments and Similar Items

The Servicers will, to the extent required by the related loan documents, maintain escrow accounts for the collection of hazard insurance premiums and real estate taxes with respect to the Mortgage Loans, and will make advances with respect to delinquencies in required escrow payments by the related mortgagors.

Insurance Coverage

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

Evidence as to Compliance

The Trust Agreement will provide that each year during which the Master Servicer directly services any of the Mortgage Loans a firm of independent accountants will furnish a statement to the Trustee to the effect that such firm has examined certain documents and records relating to the servicing of mortgage loans similar to the Mortgage Loans by the Master Servicer and that, on the basis of such examination, such firm is of the opinion that the master servicing has been conducted in accordance with the terms of the Trust Agreement, except for (i) such exceptions as the firm believes to be immaterial and (ii) such other exceptions set forth in such statement.

TRUST AGREEMENT

General

The Certificates will be issued pursuant to a Trust Agreement (the "Trust Agreement"), dated as of November 1, 1998, among the Depositor, the Master Servicer and the Trustee. Offered Certificates in certificated form will be transferable and exchangeable at the Corporate Trust Office of the Trustee, which will serve as certificate registrar and paying agent. The Trustee will provide to a prospective or actual Certificateholder, without charge, on written request, a copy (without exhibits) of the Trust Agreement. Requests should be addressed to The First National Bank of Chicago, One First National Plaza, Suite 0126, Chicago, Illinois 60670-0126, Attention: Corporate Trust Office.

Assignment of Mortgage Loans

The Mortgage Loans will be assigned to the Trustee, together with all principal and interest received with respect to the Mortgage Loans on and after the Cut-off Date, other than Scheduled Payments due on such date. The Trustee will, concurrently with such assignment, authenticate and deliver the Certificates. Each Mortgage Loan will be identified in a schedule appearing as an exhibit to the Trust Agreement which will specify with respect to each Mortgage Loan, among other things, the original principal balance and the Scheduled Principal Balance as of the close of business on the Cut-off Date, the Scheduled Payment and the maturity date and the designated Mortgage Pool of such Mortgage Loan.

As to each Mortgage Loan, the following documents are generally required to be delivered to the Trustee (or its custodian) in accordance with the Trust Agreement: (i) the related original Mortgage Note endorsed without recourse to the Trustee or in blank, (ii) the original Mortgage with evidence of recording indicated thereon (or, if such original recorded Mortgage has not yet been returned by the recording office, a copy thereof certified to be a true and complete copy of such Mortgage sent for recording) or, in the case of a Cooperative Loan, the original security agreement and related documents, (iii) an original assignment of the Mortgage to the Trustee or in blank in recordable form or, in the case of a Cooperative Loan, an original assignment of security agreement and related documents, (iv) the policies of title insurance issued with respect to each Mortgage Loan (other than a Cooperative Loan),

and (v) the originals of any assumption, modification, extension or guaranty agreements. Where necessary to protect the interest of the Trustee in the Mortgage Loans, the assignments to the Trustee in connection with the Mortgage Loans are required to be submitted for recording promptly after the Closing Date.

Pursuant to the terms of the agreements (each, a "Sale Agreement") whereby certain of the Mortgage Loans were purchased by the Seller, each transferor of Mortgage Loans (a "Transferor") has made or assigned, as of the date of (or provided in) the applicable agreement (each such date, a "Sale Date"), to the Seller certain representations and warranties concerning the related Mortgage Loans. The Seller's rights under each Sale Agreement will be assigned to the Trustee for the benefit of Certificateholders. With respect to those Mortgage Loans directly acquired by the Depositor from another securitization trust, such Trust will assign to the Depositor the representations and warranties made to it by the originator and by Lehman Capital as the initial seller of such Mortgage Loans, which the Depositor will simultaneously re-assign to the Trustee for the benefit of Certificateholders. Within the period of time specified in the applicable Sale Agreement following its discovery of a breach of any representation or warranty that materially or adversely affects the interests of Certificateholders in a Mortgage Loan, or receipt of notice of such breach, the applicable Transferor, originator or Lehman Capital, as the case may be, will be obligated to cure such breach or purchase the affected Mortgage Loan from the Trust Fund for a price equal to the unpaid principal balance thereof plus accrued interest thereon, plus any unreimbursed Advances or Servicing Advances by the Master Servicer or any Servicer (or, in certain circumstances, to substitute another mortgage loan).

Pursuant to the terms of a sale and assignment agreement (the "Sale and Assignment Agreement") whereby certain of the Mortgage Loans will be purchased by the Depositor from the Seller, the Seller will make to the Depositor (and the Depositor will assign its rights thereunder to the Trustee for the benefit of Certificateholders) only certain limited representations and warranties intended to address certain material conditions that may arise with respect to the Mortgage Loans between the applicable Sale Date and the Closing Date. In the event of a breach of any such representation or warranty that does not constitute a breach of any representation or warranty made by the applicable Transferor as described above, the Seller will be obligated in the same manner as the Transferor, as described above.

To the extent that any such Mortgage Loan is not repurchased as described above and a Realized Loss occurs with respect to such Mortgage Loan, holders of Certificates, in particular the Subordinate Certificates, may incur a loss.

Voting Rights

Voting rights under the Trust Agreement will be allocated among the Offered Certificates in proportion to their respective Certificate Principal Amounts (or Notional Amounts), and among all Certificates as provided in the Trust Agreement.

YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE CONSIDERATIONS

General

The yields to maturity on the Offered Certificates will be affected by the rate of principal payments on the Mortgage Loans (including prepayments, which may include amounts received by virtue of purchase, condemnation, insurance or foreclosure of the related Pool), the amount and timing of

mortgagor delinquencies and defaults resulting in Realized Losses, the purchase price for the Certificates and other factors.

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

The rate of principal payments on the Mortgage Loans will be affected by the amortization schedules of the related Mortgage Loans, the rate and timing of prepayments thereon by the mortgagors, liquidations of defaulted Mortgage Loans, repurchases of Mortgage Loans due to certain breaches of representations and warranties or defective documentation. The timing of changes in the rate of prepayments, liquidations and purchases of the related Mortgage Loans may, and the timing of Realized Losses will, significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. Because the rate and timing of principal payments on the Mortgage Loans will depend on future events and on a variety of factors, no assurance can be given as to such rate or the timing of principal payments on the Offered Certificates. In general, the earlier a prepayment of principal of the related Mortgage Loans, the greater the effect on an investor's yield to maturity. The effect on an investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Certificates may not be offset by a subsequent like decrease (or increase) in the rate of principal payments.

From time to time, areas of the United States may be affected by flooding, severe storms, landslides, wildfires or other natural disasters. Under each Sale Agreement, the applicable Transferor has represented and warranted that each Mortgaged Property was free of material damage as of the date of sale of the related Mortgage Loans to the Seller; under a sale and assignment agreement, the Seller will make a similar representation and warranty as of the Closing Date. In the event of an uncured breach of any such representation and warranty that materially and adversely affects the interests of Certificateholders, the related Transferor or the Seller, as applicable, will be required to repurchase the affected Mortgage Loan or substitute another mortgage loan therefor. If any damage caused by flooding, storms, wildfires, or landslides (or other cause) occurs after the Closing Date, neither any Transferor nor the Seller will have any such obligation. In addition, the standard hazard policies covering the Mortgaged Properties generally do not cover damage caused by flooding and landslides, and flood or landslide insurance may not have been obtained with respect to such Mortgaged Properties. As a consequence, Realized Losses or Applied Loss Amounts could result. To the extent that the insurance proceeds received with respect to any damaged Mortgage Properties are not applied to the restoration thereof, such proceeds will be used to prepay the related Mortgage Loans in whole or in part. Any repurchases or repayments of the Mortgage Loans may reduce the weighted average lives of the Offered Certificates and will reduce the yields on such Certificates to the extent they are purchased at a premium.

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

As described under "Description of the Certificates" herein, the applicable Non-AP Percentage of the amount of principal prepayments on the Pool 1 Mortgage Loans will be allocated to the Pool 1 Senior Certificates during the first five years following the Closing Date (except as described herein).

The yields on the Offered Certificates may also be adversely affected by Net Prepayment Interest Shortfalls on the Mortgage Loans.

The effective yield to holders of the Offered Certificates will be lower than the yield otherwise produced by the applicable interest rate and the related purchase price because monthly distributions will not be payable to such holders until the 25th day of the month (or the immediately following Business Day if such day is not a Business Day) following the month in which interest accrues on the Mortgage Loans (without any additional distribution of interest or earnings thereon in respect of such delay).

Sensitivity of the Class 1-AP, Class 1-AX, Class 2-AXA and Class 2-AXB Certificates

The yields to maturity of the Class 1-AP Certificates will be sensitive, and the yields to maturity of the Class 1-AX Certificates will be extremely sensitive, to the rate and timing of principal prepayments on the Pool 1 Mortgage Loans. Investors in the Class 1-AP Certificates should consider the risk that a slower than anticipated rate of prepayments (including liquidations, insurance payments and repurchases due to breaches of representations and warranties) on the Pool 1 Discount Mortgage Loans, which have interest rates that are lower than those of the other Pool 1 Mortgage Loans and may therefore be less likely to prepay, could result in actual yields that are lower than the anticipated yields. Investors in the Class 1-AX Certificates should carefully consider the risk that a faster than anticipated rate of prepayments on the Pool 1 Premium Mortgage Loans, which have interest rates that are higher than those of the other Pool 1 Mortgage Loans and may therefore be more likely to prepay, could result in actual yields that are lower than the anticipated yields, and could result in the failure of such investors to fully recover their initial investments.

The yield to maturity of the Class 2-AXA and Class 2-AXB Certificates will be extremely sensitive to the rate and timing of principal payments on the Subgroup 2-A and Subgroup 2-B Mortgage Loans, respectively. Investors in the Class 2-AXA and Class 2-AXB Certificates should consider the risk that a faster than anticipated rate of prepayments on such Mortgage Loans could result in actual yields that are lower than anticipated yields, and could result in failure to recover their initial investments. Further, prepayments in respect of Subgroup 2-A or Subgroup 2-B Mortgage Loans with higher Net Mortgage Rates (which, under certain scenarios are more likely to be subject to prepayment) may reduce the Interest Rates and the yields on the Class 2-AXA Certificates or Class 2-AXB Certificates, as the case may be.

To illustrate the significance of prepayments on the yields on such Certificates, the following tables indicate the pre-tax yields to maturity (on a corporate bond equivalent basis) and weighted average lives under the specified assumptions at the constant percentages of the prepayment assumption ("CPR," as described below) shown. The yields shown were calculated by determining the monthly discount rates

that, when applied to the assumed streams of cash flows to be paid on the applicable Class of Certificates, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on such Certificates and consequently do not purport to reflect the return on any investment in any such Class of Certificates when such reinvestment rates are considered. The weighted average lives shown were determined by (1) multiplying the net reduction, if any, of the applicable Class Principal Amount or aggregate Notional Amount by the number of years from the date of issuance of the applicable Class of Certificates to the related Distribution Date, (2) adding the results and (3) dividing the sum by the aggregate of the net reductions of Class Principal Amount or aggregate Notional Amount described in clause (1) above. It is unlikely that the Pool 1 Mortgage Loans, the Subgroup 2-A Mortgage Loans or the Subgroup 2-B Mortgage Loans, as applicable, will prepay at any of the assumed constant rates shown or at any other constant rate until maturity. (Such weighted average lives are shown for illustrative purposes only in the case of the Class 1-AX, Class 2-AXA and Class 2-AXB Certificates. Such Certificates are not entitled to distributions of principal and therefore have no weighted average lives.) The timing of changes in the rate of prepayments may significantly affect the actual yields to maturity and weighted average lives, even if the average rate of principal prepayments is consistent with an investor's expectation.

The following tables for the Class 1-AP and Class 1-AX Certificates were prepared on the basis of the characteristics of the Pool 1 Mortgage Loans expected to be included in the Trust Fund and the tables, for the Class 2-AXA and Class 2-AXB Certificates were prepared on the basis of the characteristics of the Subgroup 2-A and the Subgroup 2-B Mortgage Loans, respectively, the Modeling Assumptions set forth under "— Weighted Average Life" below and the additional assumptions that (1) the applicable assumed purchase price, exclusive of accrued interest in the case of the Class 1-AX Certificates, Class 2-AXA and Class 2-AXB Certificates (expressed as a percentage of the applicable Class Principal Amount or aggregate Notional Amount) for each Class of Certificates is as set forth below and (2) the initial Class Principal Amount of the Class 1-AP Certificates and the initial aggregate Notional Amount and interest rate of the Class 1-AX, Class 2-AXA and Class 2-AXB Certificates are as described herein.

Pre-Tax Yield* to Maturity of the Class 1-AP Certificates
(Assumed Purchase Price Percentage: 68%)

	Percentages of CPR				
	0%	10%	23%	30%	35%
Yield*	3.704%	7.804%	15.052%	19.693%	23.350%
Weighted Average Life in Years	11.35	5.87	3.20	2.48	2.11

* Corporate bond equivalent basis

Pre-Tax Yield* to Maturity of the Class 1-AX Certificates
(Assumed Purchase Price Percentage: 13.5%)

	<u>Percentages of CPR</u>				
	0%	10%	23%	30%	35%
Yield*.....	43.915%	31.868%	15.122%	5.496%	(1.689)%
Weighted Average Life in Years	10.19	5.49	3.09	2.42	2.07

* Corporate bond equivalent basis

Pre-Tax Yield* to Maturity of the Class 2-AXA Certificates
(Assumed Purchase Price Percentage: 0.30%)

	<u>Percentages of CPR</u>				
	0%	10%	25%	30%	35%
Yield*.....	49.710%	35.964%	14.636%	6.971%	(1.136)%
Weighted Average Life in Years	11.75	6.00	2.94	2.42	2.02

* Corporate bond equivalent basis

Pre-Tax Yield* to Maturity of the Class 2-AXB Certificates
(Assumed Purchase Price Percentage: 3%)

	<u>Percentages of CPR</u>				
	0%	10%	25%	30%	35%
Yield*.....	50.317%	36.619%	15.282%	7.592%	(0.548)%
Weighted Average Life in Years	11.38	5.78	2.87	2.38	1.99

* Corporate bond equivalent basis

The Pool 1 Mortgage Loans and the Subgroup 2-A and 2-B Mortgage Loans may not have the characteristics assumed for purposes of the tables above, and there can be no assurance that the Pool 1 Mortgage Loans, the Subgroup 2-A Mortgage Loans or the Subgroup 2-B Mortgage Loans will prepay at any of the constant rates assumed, that the actual pre-tax yields to maturity and weighted average lives for the Class 1-AP, Class 1-AX, Class 2-AXA or Class 2-AXB Certificates will correspond to any of the calculated yields and weighted average lives shown herein, or that the purchase prices of such Certificates will be as assumed. Each investor should make its own determination as to the appropriate assumptions to be used and factors to be considered in deciding whether to purchase a Class 1-AP, Class 1-AX, Class 2-AXA or Class 2-AXB Certificate.

Subordination of the Subordinate Certificates

As described herein, holders of Certificates having a relatively higher priority of distribution within a particular Certificate Group will have a preferential right to receive amounts in respect of interest and principal received on the Mortgage Loans for such Mortgage Pool. In addition, Realized Losses (in the case of Pool 1 Mortgage Loans) or Applied Loss Amounts (in the case of the Pool 2 Mortgage Loans) will be allocated among the Certificates of the related Certificate Group in reduction of the Certificate Principal Amounts of the related Subordinate Certificates in inverse order of priority of distribution. As a result, the yields of the Subordinate Certificates will be more sensitive, in varying degrees, to delinquencies and losses on the Mortgage Loans than the yields of Classes of Certificates of the related Certificate Group of which have a relatively higher priority of distribution.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Offered Certificates will be influenced by, among other things, the rate at which principal of the Mortgage Loans is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a constant prepayment standard or model. CPR represents an assumed standard 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. CPR does not purport to be either a 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 Fund.

The tables on page 65 through 72 were prepared based on the following assumptions (the "Modeling Assumptions"): (i) the initial Class Principal Amounts and the Interest Rates are as indicated or determined on the cover of this Offering Circular; (ii) each Scheduled Payment of principal and interest is timely received on the first day of each month commencing in December 1998; (iii) principal prepayments are received in full on the last day of each month commencing in November 1998 and there are no Net Prepayment Interest Shortfalls; (iv) there are no defaults or delinquencies on the Mortgage Loans; (v) all Mortgage Loans amortize on the basis of a monthly, level payment schedule; (vi) Distribution Dates occur on the 25th day of each month, commencing December, 1998; (vii) there are no repurchases or substitutions of the Mortgage Loans; (viii) the interest rate of each Pool 2 Mortgage Loan is adjusted on the next Rate Adjustment Date to equal the Assumed Index Rate in the last column of "Assumed Mortgage Loan Characteristics of Pool 2" below, plus the Gross Margin, subject to the Periodic Cap and the Maximum Rate; (ix) there is no optional termination of the Trust Fund; (x) the Offered Certificates are issued on November 25, 1998; and (xi) Pool 1 consists of 17 Mortgage Loans and Pool 2 consists of 65 Mortgage Loans having the following characteristics:

Assumed Mortgage Loan Characteristics of Pool 1

Loan Number	Scheduled Principal Balance	Gross Rate	Net Rate	WAM(1)	WALA(2)
1	76,925.55	6.30155	6.02443	26	309
2	8,386,346.84	8.98347	8.72677	35	222
3	102,524.33	6.86264	6.48074	60	284
4	14,259,090.85	9.24954	8.99431	73	211
5	195,646.58	6.58803	6.30753	120	85
6	20,778,603.59	9.62423	9.36653	118	199
7	504,688.93	6.49459	6.22126	169	43
8	12,533,856.62	10.33688	10.06988	167	129
9	626,358.28	6.49126	6.23399	220	139
10	37,444,808.23	9.20964	8.94924	224	128
11	865,861.78	6.60060	6.30408	261	106
12	31,463,141.70	9.13963	8.87432	260	98
13	471,920.14	6.62667	6.37417	311	55
14	20,029,281.38	8.31339	8.05871	315	44
15	279,748.09	6.64028	6.38778	354	6
16	6,488,856.22	8.25876	8.00466	345	17
*17	2,751,986.14	9.20949	8.95699	72	39

(1) Weighted average remaining term to maturity of the Mortgage Loans in months.

(2) Weighted average loan age of the Mortgage Loans in months.

*Balloon mortgage with last amortization date of October 1, 2019.

Assumed Mortgage Loan Characteristics of Pool 2

Loan Number	Scheduled Principal Balance	Gross rate	Net Rate	WAM ⁽¹⁾	Margin	Life Floor	Life Cap	Periodic Rate Cap	Rate Reset Frequency (months)	Next Rate Adjustment Date	ARM Index(2)	Assumed Index Rate
1	8,879,829.03	8.15054	7.77304	223	2.79856	3.40307	14.85324	1.95740	12	19990701	1YCMT	4.53
2	14,798,003.20	8.10574	7.72824	242	2.73476	3.06833	13.85712	1.69938	12	19990801	1YCMT	4.53
3	42,392,343.59	8.02805	7.64998	240	2.72921	2.90590	13.70940	1.74921	12	19991001	1YCMT	4.53
4	5,531,241.96	7.34358	6.96608	226	2.72426	3.21928	14.36904	1.91199	12	19981201	1YCMT	4.53
5	8,490,323.48	7.50078	7.12328	231	2.75673	3.24337	13.90459	1.92832	13	19990101	1YCMT	4.53
6	16,038,812.50	8.13142	7.75392	254	2.73653	2.82516	13.36524	1.54173	12	19990201	1YCMT	4.53
7	4,282,921.91	8.30003	7.92253	230	2.78449	3.30802	14.52757	1.84249	12	19990301	1YCMT	4.53
8	7,518,117.82	8.09245	7.71495	217	2.77625	3.23220	14.37434	1.91830	12	19990401	1YCMT	4.53
9	10,763,839.04	8.01148	7.63398	243	2.67972	2.78815	13.86119	1.63452	12	19990501	1YCMT	4.53
10	6,820,565.98	8.14627	7.76877	216	2.71283	3.10573	14.76055	1.94719	12	19990601	1YCMT	4.53
11	239,536.67	8.26175	7.88425	232	2.31980	8.33099	12.77938	1.04814	14	19990301	3YCMT	4.58
12	496,730.41	8.09091	7.71341	191	1.21523	3.50080	14.77835	1.83710	18	19991201	1OTHER	6.71
13	1,806,631.24	9.31142	8.93392	217	2.86264	3.05232	14.86182	2.00000	36	19990801	3YCMT	4.58
14	919,826.99	9.32566	8.94816	227	2.69747	2.69747	15.00793	1.98442	36	19990901	3YCMT	4.58
15	761,134.14	9.07831	8.70081	216	2.84467	2.84467	15.17341	2.04659	36	19991001	3YCMT	4.58
16	1,082,157.07	8.99232	8.61482	217	2.76889	3.36951	15.18156	2.09598	36	19991101	3YCMT	4.58
17	357,551.56	8.86800	8.49050	222	2.74290	3.75453	15.09802	2.06538	36	19991201	3YCMT	4.58
18	3,904,615.65	8.53059	8.15309	214	2.53986	3.55022	15.85124	2.00556	36	20000501	3YCMT	4.58
19	6,529,938.10	7.79306	7.41556	209	2.48897	3.14489	14.76798	2.03230	36	20010801	3YCMT	4.58
20	929,817.57	6.75147	6.37397	204	2.35240	3.15764	15.22980	2.00000	36	19981201	3YCMT	4.58
21	2,470,738.14	7.98256	7.60506	217	2.52910	2.62182	14.31713	2.00596	36	19990101	3YCMT	4.58
22	916,528.74	8.23054	7.85304	216	2.82562	3.02099	16.05778	2.00000	36	19990201	3YCMT	4.58
23	1,388,396.99	7.93319	7.55569	222	2.68845	2.68845	13.97918	2.00000	36	19990301	3YCMT	4.58
24	1,118,933.40	7.89527	7.51777	224	2.72569	2.83410	14.38032	2.00000	36	19990401	3YCMT	4.58
25	1,558,454.74	8.40940	8.03190	193	3.02374	3.02374	14.91736	2.01880	36	19990501	3YCMT	4.58
26	1,113,440.24	9.07245	8.69495	222	2.84972	3.00396	14.20795	2.00000	36	19990601	3YCMT	4.58
27	1,377,241.26	9.27121	8.89371	220	2.90600	2.90600	13.99188	2.01365	36	19990701	3YCMT	4.58
28	258,134.79	8.30892	7.93142	195	2.11474	3.10392	16.27700	1.00000	6	19981201	2OTHER	4.50
29	1,281,172.55	8.25444	7.87694	192	2.23528	5.28838	14.89054	1.00862	6	19990301	2OTHER	4.50
30	648,211.00	7.83696	7.45946	204	2.30958	3.55921	15.20205	2.00000	61	19990401	5YCMT	4.57
31	1,002,057.26	7.83085	7.45335	197	1.55380	2.20154	14.03871	2.16524	60	20021201	5YCMT	4.57
32	4,493,441.04	7.28333	6.90583	242	2.27814	5.75878	13.83087	N/A*	1	19981201	COF11	4.882
33	913,209.52	7.32220	6.94470	200	1.94882	4.07597	14.01364	1.70412	12	19990701	COF11	4.882
34	5,581,360.21	7.57335	7.19585	204	2.13953	5.22597	15.25950	1.74607	12	19991001	COF11	4.882
35	497,850.08	8.36782	7.99032	231	2.79169	5.68456	15.09094	1.79143	12	19981201	COF11	4.882
36	339,804.74	8.16003	7.78253	180	1.79036	7.64698	15.36838	1.45297	12	19990101	COF11	4.882
37	813,146.29	7.80403	7.42653	200	1.97016	3.99160	15.08305	1.89678	12	19990201	COF11	4.882
38	615,428.12	6.94208	6.56458	204	1.19799	4.57483	14.11314	1.57917	12	19990301	COF11	4.882
39	1,050,981.84	7.38520	7.00770	213	2.12048	3.69141	13.41122	1.98848	12	19990401	COF11	4.882
40	1,195,275.73	7.55534	7.17784	207	2.00925	4.61639	13.82663	1.83706	12	19990501	COF11	4.882
41	828,770.29	7.68820	7.31070	212	2.04977	4.26222	14.22775	1.85654	12	19990601	COF11	4.882
42	78,691.28	7.63736	7.25986	143	0.00000	0.00000	15.00000	2.00000	51	19981201	COF11	4.882
43	647,828.38	7.31567	6.93817	130	0.05618	2.00000	14.96427	2.32589	45	20000901	COF11	4.882
44	611,212.61	7.35433	6.97683	227	2.44404	2.44404	13.86952	1.00000	6	19981201	COF11	4.882
45	896,376.67	7.52826	7.15076	223	2.41074	2.89656	13.56060	1.04550	5	19990101	COF11	4.882
46	459,979.24	7.38573	7.00823	241	2.49782	2.93869	13.89770	1.00000	6	19990201	COF11	4.882
47	2,779,093.13	7.46005	7.08255	233	2.32793	2.71209	13.86975	1.03905	6	19990401	COF11	4.882
48	404,423.91	6.97872	6.60122	182	0.00000	0.00000	19.73332	2.00000	12	19990701	CONTRNAT	6.87
49	237,729.50	6.94761	6.57011	209	1.08233	2.50000	15.47379	2.00000	12	19990801	CONTRNAT	6.87
50	4,036,195.47	7.18916	6.81166	153	0.28849	4.81749	15.15584	1.93987	12	19991001	CONTRNAT	6.87
51	112,234.17	7.35033	6.97283	168	0.00000	0.00000	N/A*	N/A*	12	19981201	CONTRNAT	6.87
52	466,528.01	6.68481	6.30731	193	0.00000	0.00000	16.57580	2.00000	12	19990101	CONTRNAT	6.87
53	343,901.92	9.06136	8.68386	150	0.00000	10.46610	18.12119	1.37629	12	19990201	CONTRNAT	6.87
54	339,193.26	7.65010	7.27260	174	0.02930	7.13825	17.80743	2.00000	12	19990301	CONTRNAT	6.87
55	2,274,474.06	7.50445	7.12695	124	0.00000	5.11158	14.70884	1.95767	12	19990401	CONTRNAT	6.87
56	286,696.73	7.90517	7.52767	181	1.50178	3.58258	15.45711	1.97510	12	19990501	CONTRNAT	6.87
57	214,228.89	7.17164	6.79414	177	0.00000	5.90348	15.90348	2.00000	12	19990601	CONTRNAT	6.87
58	498,689.04	7.22168	6.84418	128	0.18279	4.87956	18.06948	1.86861	13	19990501	3OTHER	4.50
59	913,966.56	7.40265	7.02515	191	1.25598	4.43935	14.03637	1.23069	4	19990201	CONTRNAT	6.87
60	30,204.37	7.79308	7.41558	136	0.00000	7.73308	17.73308	1.50000	36	19981201	CONTRNAT	6.87
61	2,051,482.39	8.25242	7.87492	152	0.34250	7.26844	18.22216	1.81207	39	19990601	CONTRNAT	6.87
62	1,617,614.17	7.46189	7.08439	146	0.00000	7.69947	17.69378	1.89176	39	20010401	CONTRNAT	6.87
63	437,422.20	8.88907	8.51157	245	3.23520	4.79759	14.62005	1.00000	4	19981201	3MLIB	5.25
64	18,288,149.34	9.00819	8.63069	329	3.27129	3.65927	14.16603	1.00000	6	19990101	6MLIB	5.06188
65	1,233,146.14	9.04989	8.67239	173	1.42443	2.37014	13.90324	2.00000	8	19990201	PRIME	7.75

*No caps apply to such Loans.

(1) Weighted average remaining term to maturity of the Mortgage Loans in months.

(2) "1YCMT" means One Year CMT; "3YCMT" means Three Year CMT; "1OTHER" means Fannie Mae 30 Day Commitment; "2OTHER" means Six Month Treasury Bill (One Week Moving Average); "5YCMT" means Five Year CMT; "COF11" means 11th District Cost of Funds; "CONTRNAT" means FHLBB National Contract Rate; "3MLIB" means 3 Month LIBOR; and "6MLIB" means 6 Month LIBOR.

The actual characteristics and performance of the Mortgage Loans in each Mortgage Pool will differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans of either Mortgage Pool will prepay at a constant rate until maturity, that all of the Mortgage Loans of either Mortgage Pool will prepay at the same rate or that there will be no defaults or delinquencies on such Mortgage Loans. Moreover, the diverse remaining terms to maturity of such Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of such Mortgage Loans is as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans of either Mortgage Pool, or actual prepayment or loss experience, will cause the percentages of initial Class Principal Amounts outstanding over time and the weighted average lives of the Certificates to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Certificates and set forth the percentages of the initial Class Principal Amounts of the Certificates that would be outstanding after each of the Distribution Dates shown at various percentages of CPR.

The weighted average life of a Certificate is determined by (i) multiplying the net reduction, if any, of the applicable Class Principal Amount by the number of years from the date of issuance of the Certificate to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of Class Principal Amount described in (i) above.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

<u>Distribution Date</u>	<u>Class 1-A1 Certificates</u>				
	<u>0%</u>	<u>10%</u>	<u>23%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100%	100%	100%	100%	100%
November 1999	95	84	71	63	58
November 2000	89	70	49	39	32
November 2001	83	58	33	22	16
November 2002	79	48	22	12	7
November 2003	74	40	14	5	1
November 2004	67	32	8	1	0
November 2005	62	26	5	0	0
November 2006	58	22	2	0	0
November 2007	53	17	1	0	0
November 2008	49	14	*	0	0
November 2009	45	11	0	0	0
November 2010	41	9	0	0	0
November 2011	37	7	0	0	0
November 2012	33	5	0	0	0
November 2013	29	3	0	0	0
November 2014	25	2	0	0	0
November 2015	21	1	0	0	0
November 2016	16	0	0	0	0
November 2017	11	0	0	0	0
November 2018	8	0	0	0	0
November 2019	5	0	0	0	0
November 2020	3	0	0	0	0
November 2021	1	0	0	0	0
November 2022	0	0	0	0	0
November 2023	0	0	0	0	0
November 2024	0	0	0	0	0
November 2025	0	0	0	0	0
November 2026	0	0	0	0	0
November 2027	0	0	0	0	0
November 2028	0	0	0	0	0
Weighted Average					
Life in Years.....	10.4	5.0	2.5	1.9	1.6

* Indicates a value between 0.0% and 0.5%.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

<u>Distribution Date</u>	<u>0%</u>	<u>Class 1-A2 Certificates</u>			
		<u>10%</u>	<u>23%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100%	100%	100%	100%	100%
November 1999	107	107	107	107	107
November 2000	114	114	114	114	114
November 2001	121	121	121	121	121
November 2002	130	130	130	130	130
November 2003	138	138	138	138	138
November 2004	148	148	148	148	0
November 2005	157	157	157	90	0
November 2006	168	168	168	5	0
November 2007	179	179	179	0	0
November 2008	191	191	191	0	0
November 2009	204	204	140	0	0
November 2010	218	218	100	0	0
November 2011	232	232	70	0	0
November 2012	248	248	48	0	0
November 2013	264	264	33	0	0
November 2014	282	282	22	0	0
November 2015	301	301	15	0	0
November 2016	321	267	9	0	0
November 2017	343	186	5	0	0
November 2018	366	136	3	0	0
November 2019	390	92	2	0	0
November 2020	416	60	1	0	0
November 2021	444	45	1	0	0
November 2022	431	31	*	0	0
November 2023	289	19	*	0	0
November 2024	135	8	*	0	0
November 2025	69	4	*	0	0
November 2026	31	1	*	0	0
November 2027	1	*	*	0	0
November 2028	0	0	0	0	0
Weighted Average					
Life in Years.....	25.6	20.3	12.9	7.2	5.6

* Indicates a value between 0.0% and 0.5%.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

<u>Distribution Date</u>	<u>Class 2-A1 and Class 2-AXA Certificates</u>				
	<u>0%</u>	<u>10%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100%	100%	100%	100%	100%
November 1999	98	87	71	65	60
November 2000	95	75	49	41	34
November 2001	92	64	33	25	18
November 2002	88	55	26	19	14
November 2003	85	46	18	13	9
November 2004	81	40	13	9	6
November 2005	77	34	10	6	3
November 2006	73	29	7	4	2
November 2007	68	25	5	3	1
November 2008	63	21	3	2	1
November 2009	58	17	2	1	*
November 2010	52	14	2	1	*
November 2011	46	12	1	*	*
November 2012	40	9	1	*	*
November 2013	34	7	*	*	*
November 2014	28	5	*	*	*
November 2015	21	4	*	*	*
November 2016	14	2	*	*	*
November 2017	7	1	*	*	*
November 2018	2	*	*	*	*
November 2019	*	*	*	*	*
November 2020	0	0	0	0	0
November 2021	0	0	0	0	0
November 2022	0	0	0	0	0
November 2023	0	0	0	0	0
November 2024	0	0	0	0	0
November 2025	0	0	0	0	0
November 2026	0	0	0	0	0
Weighted Average					
Life in Years.....	11.8	6.0	2.9	2.4	2.0

* Indicates a value between 0.0% and 0.5%.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

<u>Distribution Date</u>	<u>Class 2-A2 and Class 2-AXB Certificates</u>				
	<u>0%</u>	<u>10%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100%	100%	100%	100%	100%
November 1999	97	86	70	65	60
November 2000	94	74	48	41	34
November 2001	90	63	32	24	18
November 2002	86	53	25	19	14
November 2003	82	44	18	13	9
November 2004	77	38	13	8	5
November 2005	72	32	9	6	3
November 2006	67	27	6	4	2
November 2007	62	23	4	2	1
November 2008	55	19	3	2	1
November 2009	49	15	2	1	*
November 2010	43	12	1	1	*
November 2011	38	10	1	*	*
November 2012	33	8	1	*	*
November 2013	28	6	*	*	*
November 2014	23	4	*	*	*
November 2015	17	3	*	*	*
November 2016	14	2	*	*	*
November 2017	12	2	*	*	*
November 2018	10	1	*	*	*
November 2019	9	1	*	*	*
November 2020	8	1	*	*	*
November 2021	7	1	*	*	*
November 2022	5	*	*	*	*
November 2023	4	*	*	*	*
November 2024	2	*	*	*	*
November 2025	1	*	*	*	*
November 2026	0	0	0	0	0
Weighted Average Life in Years.....	11.4	5.8	2.9	2.4	2.0

* Indicates a value between 0.0% and 0.5%.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

<u>Distribution Date</u>	<u>Class 1-AP Certificates</u>				
	<u>0%</u>	<u>10%</u>	<u>23%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100%	100%	100%	100%	100%
November 1999	95	85	73	66	62
November 2000	89	72	53	44	38
November 2001	86	62	39	29	24
November 2002	82	54	29	20	15
November 2003	78	46	21	13	9
November 2004	74	39	15	9	6
November 2005	70	33	11	6	3
November 2006	65	28	8	4	2
November 2007	60	23	6	2	1
November 2008	55	19	4	2	1
November 2009	51	16	3	1	*
November 2010	46	13	2	1	*
November 2011	41	10	1	*	*
November 2012	35	8	1	*	*
November 2013	31	6	1	*	*
November 2014	27	5	*	*	*
November 2015	23	4	*	*	*
November 2016	18	3	*	*	*
November 2017	15	2	*	*	*
November 2018	12	1	*	*	*
November 2019	9	1	*	*	*
November 2020	6	1	*	*	*
November 2021	5	*	*	*	*
November 2022	4	*	*	*	*
November 2023	3	*	*	*	*
November 2024	2	*	*	*	*
November 2025	1	*	*	*	*
November 2026	1	*	*	*	*
November 2027	*	*	*	*	*
November 2028	0	0	0	0	0
Weighted Average					
Life in Years.....	11.3	5.9	3.2	2.5	2.1

* Indicates a value between 0.0% and 0.5%.

**Percentage of Initial Class Principal Amount
of the Offered Certificates Outstanding at the Following
Percentages of CPR**

Class 1-AX Certificates					
<u>Distribution Date</u>	<u>0%</u>	<u>10%</u>	<u>23%</u>	<u>30%</u>	<u>35%</u>
Initial Percentage	100	100	100	100	100
November 1999	95	85	73	66	62
November 2000	89	72	53	44	38
November 2001	83	60	38	28	23
November 2002	78	51	27	19	14
November 2003	73	43	20	12	8
November 2004	65	35	14	8	5
November 2005	61	29	10	5	3
November 2006	56	24	7	3	2
November 2007	51	20	5	2	1
November 2008	46	16	3	1	1
November 2009	43	13	2	1	*
November 2010	39	11	2	1	*
November 2011	34	9	1	*	*
November 2012	30	7	1	*	*
November 2013	27	5	1	*	*
November 2014	23	4	*	*	*
November 2015	19	3	*	*	*
November 2016	15	2	*	*	*
November 2017	11	1	*	*	*
November 2018	8	1	*	*	*
November 2019	6	1	*	*	*
November 2020	4	*	*	*	*
November 2021	3	*	*	*	*
November 2022	2	*	*	*	*
November 2023	2	*	*	*	*
November 2024	1	*	*	*	*
November 2025	*	*	*	*	*
November 2026	*	*	*	*	*
November 2027	0	0	0	0	0
November 2028	0	0	0	0	0
Weighted Average					
Life in Years.....	10.2	5.5	3.1	2.4	2.1

* Indicates a value between 0.0% and 0.5%.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain material U.S. federal income tax consequences that may be relevant to a prospective purchaser of Offered Certificates. This discussion is based on current law. It is not exhaustive of all possible tax considerations. It does not discuss state, local, or foreign tax considerations, nor does it discuss all of the aspects of federal income taxation that may be relevant to a prospective investor in light of the investor's particular circumstances or that may be relevant to certain types of investors (including insurance companies, certain tax-exempt entities, financial institutions, and broker/dealers) subject to special treatment under federal income tax laws. Moreover, this discussion is directed only to those investors who acquire Offered Certificates at issuance and who hold Offered Certificates as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code").

Taxpayers and preparers of tax returns (including those filed by any partnership or other issuers) 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 is (i) 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 respective tax advisors and return preparers regarding the preparation of any item on a tax return, even where the anticipated tax treatment has been discussed herein.

Tax Classification of the Offered Certificates and of the Trust Fund

The Trust Agreement provides that the Trust Fund comprises a Lower Tier REMIC and an Upper Tier REMIC organized in a tiered REMIC structure. The Lower Tier REMIC holds the Mortgage Loans and related assets and issues several classes of uncertificated regular interests and those interests are held entirely by the Upper Tier REMIC. Both the Lower Tier REMIC and the Upper Tier REMIC have issued a single class of residual interest and the Class R Certificate represents ownership of those interests. The Certificates represent regular interests in the Upper Tier REMIC.

In the opinion of Brown & Wood LLP ("Tax Counsel"), assuming compliance with the Trust Agreement, for federal income tax purposes the Lower Tier REMIC and the Upper Tier REMIC will each qualify as a REMIC for within the meaning of Section 860D of the Code. In addition, in the opinion of Tax Counsel, the Offered Certificates will be characterized REMIC regular interests within the meaning of Section 860G(a)(1) of the Code.

Taxation of the Offered Certificates

The Offered Certificates will generally be treated as debt instruments for federal tax purposes.

Interest and Original Issue Discount. Although not entirely free from doubt, for tax reporting purposes the Depositor intends to treat stated interest on the Offered Certificates, other than the Class 1-A2, Class 1-AX, Class 2-AXA, and Class 2-AXB Certificates, as qualified stated interest within the meaning of the Treasury regulations ("OID regulations") concerning original issue discount ("OID"). As such, the stated interest will be taxable to a Holder of Offered Certificates under the accrual method of accounting regardless of the Holder's normal method of accounting.

The Class 1-A2, Class 1-AP, Class 1-AX, Class 2-AXA, and the Class 2-AXB Certificates will be issued with OID and the other Classes of Certificates may be issued with OID.

A Class of Offered Certificates will be treated as having been issued with OID to the extent the stated redemption price at maturity (*i.e.*, all payments due on the Offered Certificates other than payments of qualified stated interest) of the Offered Certificates exceeds the issue price of the Offered Certificates (the price at which a substantial amount of a Class of Offered Certificates is sold). A holder must accrue, and include in income, any such OID on a constant yield to maturity basis.

For any Offered Certificate and each accrual period, the amount of OID to be included in income will equal the excess of such Offered Certificate's adjusted issue price at the end of such accrual period over the sum of (i) its adjusted issue price at the beginning of such accrual period and (ii) the payments (other than qualified stated interest) received on the related Payment Date. For the first accrual period, the adjusted issue price is the issue price. As the end of any accrual period (and, therefore, at the beginning of the next accrual period) the adjusted issue price will equal the present value of all remaining cash flows due on the Offered Certificates determined by discounting remaining cash flows, adjusted to take into account payments that have actually occurred before such date, at the Offered Certificate's yield to maturity. The yield to maturity is determined on the issue date and is the discount rate that will cause the stream of payments due on the Offered Certificates to equal the issue price of the Offered Certificates. The projected stream of payments due is based on a prepayment assumption made with respect to the Mortgage Loans on the issue date. The prepayment assumption here is 23% CPR in the case of Pool 1 Mortgage Loans and 25% CPR in the case of Pool 2 Mortgage Loans. No representation is made, however, that the Mortgage loans will actually prepay at such rates or at any other rate.

If a holder purchases an Offered Certificate for a price in excess of its issue price (adjusted issue price in the case of a secondary market purchaser) but less than its stated principal amount, the holder will have acquired the Offered Certificate with acquisition premium. Such acquisition premium will offset OID otherwise accrues on the Offered Certificate. The amount allowed each accrual period is based on a fixed fraction, the numerator of which is the amount of such premium, and the denominator of which is the amount of OID that has not been accrued on the date of acquisition.

Market Discount. A purchaser of an Offered Certificate at a discount from its outstanding principal amount (or, if the Offered Certificate is issued with OID, its "adjusted issue price") will acquire the Offered Certificate with market discount (a "market discount bond"). If the market discount is less than a statutorily defined de minimis amount ($0.25\% \times$ the stated redemption price at maturity \times the weighted average maturity) the market discount will be considered to be zero.

Treasury regulations implementing the market discount rules have not yet been issued; therefore, investors should consult their own tax advisors regarding the application of these rules and the advisability of making any of the elections described below.

Unless a Holder elects under Section 1278(b) of the Code to include market discount in income as it accrues, any principal payment (whether a scheduled payment or a prepayment) or any gain on disposition of a market discount bond is treated as ordinary income to the extent that it does not exceed the accrued market discount at the time of such payment.

The Code grants the Treasury Department authority to issue regulations providing for the computation of accrued market discount on debt instruments, such as the Offered Certificates, the

principal of which is payable in more than one installment. While the Treasury Department has not yet issued regulations, rules described in the relevant legislative history apply. Under those rules, the holder of a market discount bond may elect to accrue market discount either on the basis of a constant interest rate or according to the following method. In the case of an Offered Certificate issued with OID, the amount of market discount that accrues in any accrual period will equal the product of (1) the market discount that remains to be accrued as of the beginning of the accrual period, and (2) a fraction, the numerator of which is the OID accrued during the accrual period and the denominator of which is the sum of the OID accrued during the accrual period and the amount of OID remaining to be accrued as of the end of the accrual period. In the case of an Offered Certificate that was issued without OID, the amount of market discount that accrues in any accrual period will equal to the product of (1) the market discount that remains to be accrued as of the beginning of the accrual period, and (2) a fraction, the numerator of which is the amount of stated interest accrued during the accrual period and the denominator of which is the total amount of stated interest remaining to be accrued at the beginning of the accrual period. For purposes of determining the amount of OID or interest remaining to be accrued for purposes of calculating market discount the prepayment assumptions applicable to calculating the accrual of OID on such Offered Certificates applies.

If a Holder incurred or continues indebtedness to purchase or hold Offered Certificates with market discount, the Holder may be required to defer a portion of its interest deductions for the taxable year attributable to any such indebtedness. Any such deferred interest expense would not exceed the market discount that accrues during such taxable year and is, in general, allowed as a deduction not later than the year in which such market discount is includible in income. If such Holder elects to include market discount in income currently as it accrues on all market discount bonds acquired by such holder in that taxable year or thereafter, the interest deferral rule described above will not apply.

Premium. To the extent an investor purchases an Offered Certificate for an amount that is greater than its stated redemption price at maturity (*i.e.*, all amounts due other than qualified stated interest) the investor will be considered to have purchased the Note with "amortizable bond premium" equal in amount to such excess. A Holder may elect under Section 171 of the Code to amortize such premium on a constant yield to maturity basis over the life of the Offered Certificate. The premium is allocated among the interest payments on the Offered Certificates and is considered as an offset against (and thus a reduction of) such interest payments. With certain exceptions, such an election would apply to all debt instruments held or subsequently acquired by the electing holder. Treasury regulations concerning amortizable bond premium do not specifically address methods for amortizing premium on instruments such as the Offered Certificates. In the absence of regulations, the methodology described above for accrual of market discount may be used. Absent an election to amortize premium, the premium will be deductible as a capital loss only upon disposition or retirement of the Offered Certificate.

Election to Treat All Interest as OID. The OID regulations permit a Holder to elect to accrue all interest, discount (including de minimis market or original issue discount) and premium in income as interest, based on a constant yield method. If such an election were to be made with respect to an Offered Certificate that is acquired at a premium, the Holder would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that such Holder owns or acquires. Similarly, if such an election were made with respect to an Offered Certificate with market discount, such election would be deemed to be an election with respect to all market discount bonds.

Excess Losses. Each Holder will be required to accrue income with respect to the Offered Certificates without giving effect to the possible reductions in distributions attributable to Excess Losses. Although an Owner eventually will be permitted to recognize any Excess Losses, the law is unclear with respect to the timing and character of an Excess Loss. You should consult your own tax advisors concerning the treatment of Excess Losses in your specific circumstances.

Sale, Exchange, Retirement, or Other Disposition. Upon the sale, exchange, retirement, or other disposition of an Offered Certificate, a Holder will recognize capital gain or loss equal to the difference, if any, between the amount realized (adjusted for accrued stated interest) and the Holder's adjusted basis in the Offered Certificates.

Non-U.S. Persons. Interest (including OID) paid to or accrued by a Holder who is a non- U.S. Person will be considered "portfolio interest", and will not be subject to U.S. federal income tax and withholding tax, if the interest is not effectively connected with the conduct of a trade or business within the United States by the non-U.S. person and the non-U.S. person (i) is not actually or constructively a "10 percent shareholder" of the Depositor or a controlled foreign corporation" with respect to which the Depositor is a "related person" within the meaning of the Code and (ii) provides the Issuer or other person who is otherwise required to withhold U.S. tax with respect to the Offered Certificates with an appropriate statement (on Form W-8 or a similar form), signed under penalties of perjury, certifying that the beneficial owner of the Offered Certificate is a non- U.S. person and providing the non-U.S. person's name and address. If an Offered Certificate is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide the relevant signed statement to the withholding agent; in that case, however, the signed statement must be accompanied by a Form W-8 or substitute form provided by the non-U.S. person that owns the Offered Certificate.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of an Offered Certificate by a non-U.S. person will be exempt from United States federal income and withholding tax, provided that (i) such gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. person and (ii) in the case of an individual, the individual is not present in the United States for 183 days or more in the taxable year.

For purposes of the foregoing discussion, the term "non-U.S. Person" means any person other than (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for tax purposes) created or organized in the United States or under the laws of the United States or of any state; (iii) a partnership (or entity treated as a partnership for tax purposes) organized in the United States or under the laws of the United States or of any state (unless provided otherwise by future Treasury regulations); (iv) an estate whose income is includible in gross income for United States income tax purposes regardless of its source; or, (v) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have authority to control all substantial decisions of the trust. Notwithstanding the last clause of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, may elect to continue to be U.S. Persons.

Backup Withholding. A Holder of an Offered Certificate, may, under certain circumstances, be subject to "backup withholding" at the rate of 31% with respect to distributions or the proceeds of a sale of Certificates to or through brokers that represent interest or original issue discount on the Certificates. This withholding generally applies if the Holder of an Offered Certificate (i) fails to furnish the Issuer with its taxpayer identification number ("TIN"); (ii) furnishes the Issuer an incorrect TIN; (iii) fails to report

properly interest, dividends or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the issuer or such holder’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to a Holder of an Offered Certificate, including payments to certain exempt recipients (such as exempt organizations) and to certain non-U.S. Persons. Holders of the Offered Certificates should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

LEGAL INVESTMENT CONSIDERATIONS

The Offered Certificates will constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended ("SMMEA") for so long as they are rated in one of the two highest rating categories by one or more nationally recognized statistical rating agencies, and, as such, are legal investments for certain entities to the extent provided in SMMEA.

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in certain Classes of Certificates. Any 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 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 should review any applicable rules, guidelines and regulations prior to purchasing any of the Certificates. Financial institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on the Selection of Securities Dealers and Unsuitable Investment Practices (to the extent adopted by their respective federal regulators), which, among other things, sets forth guidelines for investing in certain types of mortgage related securities, including securities such as the Certificates.

Investors should consult their own legal advisors in determining whether and to what extent a Class of Certificates constitutes a legal investment or is subject to restrictions on investment.

ERISA CONSIDERATIONS

A fiduciary of any employee benefit plan or other retirement arrangement subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the Code should carefully review with its legal advisors whether the purchase or holding of Certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA or the Code. See "ERISA CONSIDERATIONS" in the accompanying Prospectus.

Employee benefit plans ("Plans") that are subject to ERISA, and any person utilizing the assets of such a Plan, may not purchase the Subordinate Certificates, except that any insurance company may purchase such Certificates with assets of its general account if the exemptive relief granted by the Department of Labor for transactions involving insurance company general accounts in Prohibited Transaction Exemption 95-60, 60 Fed. Reg. 35925 (July 12, 1995) is available with respect to such investment. The Trust Agreement will include certain restrictions on the transfer of the Subordinate Certificates.

USE OF PROCEEDS

The net proceeds from the sale of the Offered Certificates will be applied by the Depositor, or an affiliate thereof, toward the purchase of the Mortgage Loans. Certain of the Mortgage Loans will be acquired by the Depositor from the Seller in a privately negotiated transaction, while other of the Mortgage Loans will be purchased by the Depositor from another securitization trust pursuant to its exercise of certain optional call rights over Mortgage Loan collateral in such trust

OFFERING

The Depositor will sell the Certificates to Lehman Brothers. Subject to the terms and conditions of an agreement between the Depositor and Fannie Mae, the Offered Certificates are being purchased from Lehman Brothers by Fannie Mae.

LEGAL MATTERS

Certain legal matters relating to the Certificates will be passed upon for the Depositor and for Lehman Brothers by Brown & Wood LLP, Washington, D.C.

RATING

It is a condition to the issuance of the Offered Certificates that they be rated "AAA" by Fitch IBCA, Inc. (the "Rating Agency"). It is a condition to the issuance of the Class 1-B1 and Class 2-B1 Certificates that they be rated "AA", the Class 1-B2 and Class 2-B2 Certificates be rated "A", Class 1-B3 and Class 2-B3 Certificates be rated "BBB", Class 1-B4 and Class 2-B4 Certificates be rated "BB" and the Class 1-B5 and Class 2-B5 Certificates be rated "B". The Class 1-B6, Class 2-B6 and Class R Certificates are not rated by the Rating Agency. The rating of "AAA" is the highest rating that the Rating Agency assigns to securities. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization.

A securities rating addresses the likelihood of the receipt by holders of Certificates of distributions in the amount of scheduled payments on the Mortgage Loans. The rating takes into consideration the characteristics of the Mortgage Loans and the structural, legal and tax aspects associated with the Certificates. The ratings on the Offered Certificates do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that holders of Certificates might suffer a lower than anticipated yield due to prepayments.

The security ratings assigned to the Certificates should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the Rating Agency.

The Depositor has not requested a rating of the Certificates by any rating agency other than the Rating Agency; there can be no assurance, however, as to whether any other rating agency will rate the Certificates or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Certificates could be lower than the respective ratings assigned by the Rating Agency.

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.

The Securities and Exchange Commission has not approved or disapproved the Certificates or determined if this Prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

\$335,357,684 (Approximate)



FannieMae

**Guaranteed Grantor Trust
Pass-Through Certificates
Fannie Mae Grantor Trust 1998-T2**

PROSPECTUS

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LEHMAN BROTHERS

November 20, 1998
